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Research Report No. 99.1

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**ABBREVIATIONS**

| | |
|---|---|
| ADMIC | Asesoria Dinamica a Microempressas (Dynamic Advice or Microenterprises) (Mexico) |
| ARWE | Association of Rural Women Entrepreneurs (Tanzania) |
| ATRCW | African Training and Research Centre for Women |
| ARWEC | Association of Rural Women Entrepreneurs Committee |
| BancoSol | Banco Solidario S.A. (Bolivia) |
| BKK | Badan Kredit Kecamatan (Subdistrict Credit Institution) (Indonesia) |
| BNA | Basic Needs Approach |
| BRAC | Bangladesh Rural Advancement Committee |
| BCB | The Bangladesh Central Bank |
| CDA | Community Development Assistant |
| CDO | Community Development Officer |
| CIDA | Canadian International Development Agency |
| CREW Tanzania | Credit Scheme for Productive Activities of Women in Tanzania |
| CRDB | Cooperative and Rural Development Bank, Tanzania |
| DAMDA | Danish International Development Agency |
| GAD | Gender and Development |
| GDP | Gross Domestic Product |
| GBB | The Grameen Bank of Bangladesh |
| IGAs | Income Generating Activities |
| ILO | International Labour Organisation |
| Kffi-ISP | Kenya Industrial Estates - Informal Sector Programme |
| KIK/KMKP | Kredit Investasi Kecil/Kredit Modal Kerja Permanent (Small investment credit/permanent working capital credit) (Indonesia) |
| KREP | Kenya Rural Enterprises Programme |
| KUPEDES | Kredit Umum Pedesaan (General Village Credit) (Indonesia) |
| MCDWAC | Ministry of Community Development Women Affairs and Children (Tanzania) |
| MMF | Malawi Mudzi Fund |
| NCCK | National Christian Council of Kenya |
| NGO | Non-Governmental Organisation |
| PTF | Presidential Trust Fund (Tanzania) |
| PRIDE TANZANIA | Promotion of Rural Initiatives and Development Enterprises Tanzania |
| RDP | Rural Development Programme (Bangladsh |
| REPOA | Research on Poverty Alleviation (Tanzania) |
| ROSCAS | Rotating Saving and Credit Associations |
| RRB | Regional Rural Bank (India) |
| SACA | Smallholder Agricultural Credit Administration (Malawi) |
| SANASA | Sri Lankan acronym for Federation of Thrift and Credit Cooperatives |
| SAPs | Structural Adjustment Programmes |

| | |
|---|---|
| SCS | Savings and Credit Society |
| SIDO | Small Industries Development Organization (Tanzania) |
| TFTW | Training Fund for Tanzanian Women |
| TGNP | Tanzania Gender Networking Programme |
| TRDEP | Thana Resource Development and Employment Programme (Bangladesh) |
| UNDP | United Nations Development Programme |
| UNICEF | United Nations Childrens' Fund |
| UNIFEM | United Nations Fund for Women |
| URT | United Republic of Tanzania |
| WDF | Women Development Fund (Tanzania) |
| WID | Women in Development |
| WDRP | Women Documentation and Research Project, University of D'Salaam. |

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## ABSTRACT

The study set out to assess the extent of empowerment of low income women at household level as a result of loans given for starting income generating activities(IGAs) or micro enterprises. It covered clients of the Credit Scheme for Productive Activities of Women in Tanzania piloted in Tanga region from 1991 and later from 1995.

The objectives of the study were threefold. First, to make an assessment of the impact of credit schemes on gender relations. Second, to find out factors influencing or inhibiting the success of women's IGAs, and third to assess the sustainability of IGAs funded by the creditscheme,

The study was conducted in Handeni, Korogwe, Lushoto and Muheza districts in Tanga region using documentary review and interviews. Both purposive and random sampling were used to select respondents.

Field work was conducted in July-August 1996. A follow-up field visit was made in August 1997.

The target population was households with clients of the credit scheme i.e clients and their husbands where applicable. Community development Assistants/Officers (CDAs/CDOs) at village level in the four districts were also included in the target population.

The findings show that the respondents had a wide perception of poverty as evidenced through the range of proposed solutions to get out of poverty. Women's efforts in alleviating poverty through the credit scheme are affected by various factors such as imperfect markets, stiff competition, inadequate loans, poor weather conditions. The effect of these problems is that about three-fifths of the women's IGAs are not sustainable.

In spite of the problems, the analysis of the credit scheme based on six indicators: participation in decision making, control over resources, acquisition of skills, decision on money use from IGAs, freedom to use own time and standard of living showed positive impact in bringing about improved gender relations and poverty alleviation. However, these positive gains are likely to be eroded as a result of women's increased expenditure in the households due to higher incomes.

The emerging policy implications include introduction of irrigation schemes for sustainable of agricultural activities by the rural poor, increased gender sensitization through training by the lending institutions, refocusing the target group for the credit scheme(s) so that the very poor remain central, increased training in relevant fields, and assistance in securing markets for IGAs products. Others are creating an enabling environment for micro-enterprises and institutional and policy reforms to promote better access and secure rights to assets for women.

# 1.0 TEE PROBLEM AND ITS SETTING

## 1.1 Background to the Problem

### *Overview*

The incidence of poverty in the Third World is higher among women than among men. Pearson (1992) asserts that there is substantial evidence that women have consistently lost out in the development process in these countries.
One reason for such a feature is that economic, social and cultural factors in the Third World have combined to produce a situation in which most development efforts have tended to discount the potential social and economic contribution of women and so fail to mobilize and benefit from women as a vital human resource (The South Commission, 1990:129).

The concern on the plight of women in Tanzania has led to the formulation of development policies designed to ensure equity and full participation of women in society (MCDWAC, 1992). For example, educational policies in Tanzania emphasize equality between the two genders and provide preferential treatment in access to education for girls and women students. Even some donors have also shown concern on the education gap between the two genders. The Canadian International Development Agency (CEDA), for example, had a fund known as Training Fund for Tanzania Women (TFTW) which aimed at enhancing women's technical and managerial skills (Shirima, 1995). Such policies aim at giving priority to raising the social and economic status of women, including, protecting and enhancing women's income earning capacity.

The development of IGAs in Tanzania has been a result of the following changes in the socio economic development:

- The Promulgation of the Arusha Declaration in 1967: one of its objectives was to nationalize all foreign owned firms. Those employees from the nationalized firms who lost their employment moved into self employment or IGAs. This was the time when the Small Industries Development Organisation (SDDO) was formed to assist and promote small scale business in Tanzania.
- The villagization process from the early 1970s forced many people from their original villages to new settlements. Those who escaped from the exercise migrated to urban areas where they survived through IGAs.
- The economic crisis which faced Tanzania from 1978 to the early 1980s led to the collapse of many industries and public enterprises. Employees from these enterprises had to engage in IGAs. Even those who remained on their jobs found their real incomes not enough and thus joined the informal sector activities.

The economic reforms from the mid 1980s and the consequent privatization exercise still taking place in Tanzania have forced retrenched employees to flow into the informal sector.

It is from such a background that, IGAs in Tanzania were started.

### *The Pilot Credit Scheme for Productive Activities of Women in Tanzania*

In Tanzania, many credit schemes for assisting women to start IGAs have been established by both government and non-goverment organizations. One such scheme was known as the Pilot Credit Scheme for Productive Activities of Women in Tanzania.

According to Shirima (1995), this pilot credit scheme was established in 1989 and the pilot project started in March 1991. It was funded by DANIDA through UNIFEM and UNDP. The project was implemented by the Ministry of Community Development, Women Affairs and Children (MCDWAC) with the technical support of UNIFEM, UNDP and ILO. The objectives of the pilot credit scheme included the following:

- developing and testing appropriate recovery methodology with a built in monitoring and evaluation system;
- establishing and stabilizing viable women's groups and improving their agricultural,technical, managerial and marketing skills;
- strengthening the capabilities and capacities of national institutions to implementing, monitoring and evaluating the credit delivery-recovery under this project;
- mobilizing savings and providing loans; and
- documenting the methodology and the process of credit delivery-recovery for women.

The credit scheme was piloted in Handeni, Korogwe, Lushoto and Muheza districts and in Zanzibar and Pemba. By July 1993, the scheme had assisted 294 women on the Mainland and 316 in Zanzibar (Sunday News, 1994).

Other credit schemes for low income women in Tanzania include the Presidential Trust Fund (PTF) which operates as an NGO and the Women Development Fund (WDF). The WDF was established by the government in 1992 and approved by the National Assembly in 1993, It is administered through the MCDWAC.

The pilot credit scheme came to an end in June 1995. Its activities were taken over by an NGO bearing the same name but with the acronym, CREW Tanzania.

### *CREW Tanzania: Loan Delivery and Recovery Mechanisms*

CREW Tanzania inherited every tiling from the pilot project namely resources, operational structure and network. It is still using the funds left by the pilot credit scheme for giving loans. Its administrative expenses are covered by grants from the UNDP.

CREW Tanzania started giving loans to low income women in January 1996. Conditions to be fulfilled before clients get loans include:

- Having an already existing IGA.
- Ability to produce material collateral with a value equal to or in excess of the amount of loan sought.
- Paying 10% of the loan as a guarantee.  This amount is refunded upon full repayment of the loan by the individuals/group.
- Paying 1% of the loans as charges.

- Willingness to form groups of five women and with a known name of the group.
- Having a bank account.

The women entrepreneurs groups bear names, for example, *AmkaMama*, *Zinduka Mama*. These groups form Association of Rural Women Entreprenueurs (Tanzania) (ARWEs) each comprising six groups.

The duties of women groups include:

- to provide group guarantee/collateral for the members; and
- to make follow-up and to assist members in making loan repayments.

Each group meets once per week to discuss the progress of the members" IGAs and loan repayment. At any given time, only two group members can get a loan. Giving loans to the other members of the group depends on the full repayment of loans taken by those who got them first.

Each ARWE elects a chairperson, a secretary and a treasurer. It also has a committee, known as Association of Rural Women Entrepreneurs Committee (ARWEC). The ARWEC meets once per month during which time it receives reports from the constituent groups. It acts as an intermediary between the lender (CREW Tanzania) and the clients (women microentrepreneurs).

Each ARWE must have a bank account. The 10% loan guarantee is paid into the ARWE account. In addition to that payment each ARWE member must deposit (or make a saving of) shs. 5007= into the ARWE A/C each month. From August 1997 this monthly deposit has been raised to shs. 1000M The ARWE bank passbook is kept by the relevant Credit Officer.

CREW Tanzania charges an interest rate of 40% per annum on a reducing balance which is equivalent to 22% on a flat rate. Loans are repayable in twelve months. Repayment instalments have to be made every month. The borrowers' group treasurer pays the money to the respective ARWE Treasurer during the ARWE monthly meetings who in turn deposits the money in favour of the lender's bank account. There's no grace period for loan recovery.

***Experience of Credit Schemes in Tanzania***

Most credit schemes in Tanzania were initiated between 1961 and 1985 and fewer still up to 1990s. These schemes were caught up in the pro-state approach to credit by then as opposed to the current pro-market approach to credit (Kashuliza, 1992). The main argument against pro-state approach to credit operations is that the approach has led to poor performance of credit schemes thus calling in government intervention to subsidize their operations, and in some instances, pay for the credit scheme losses (Kashuliza, ibid).

The pro-state approach to credit has been criticized by the pro-market-approach which was adopted after liberalization of the economy from 1985 onwards. The criticism views the prostate approach as an approach which impefects the credit market because of its conditions. The conditions are low interest rates, low repayment rates as well as large geographical coverage. Under such conditions, it is not easy for the credit schemes to make much profit (Helmsing and Kolstee, 1993).

It has also been observed that loans given by pro-state credit schemes might not have a significant impact on IGAs. This is because the high cost incurred in administering the scheme may not allow other packages such as training and monitoring the development of entrepreneurs (Kurwijila and Due, 1991). The main argument therefore is that during the prostate approach credit schemes were more concerned with their administrative costs and sustainability rather than the development of their clients' IGAs.

Clients of the credit schemes have been trained only on how to handle loans repayment procedures. Such training has been critisized by Kurwijila and Due (ibid) as well as by Hossain, 1988 as being ineffective and not able to assist the borrowers in sustaining their IGAs and hence failure to meet the objective of poverty alleviation.

This study attempted to make some contribution to the understanding of the extent to which access to credit for women IGA operators has helped to empower them for poverty alleviation at the household level.

## *1.2* Statement of the Problem

Income generation has been viewed differently by different development and anti-poverty critics. They have argued that income generation is sometimes used by outside agencies to gain access to certain target group activities. Generating income may be retained as an objective but may be reduced in importance depending on the priorities of the intervening agent (Hurley, 1990). The activities initiated may not fulfil the needs of the recipients like poverty alleviation.

Sometimes such interventions are undertaken without prior knowledge of the intended recipients. This has led to the following problems facing income generation activities.

- Economically not suitable because sustainability may not be the objective of the intervening agencies.
- Intervenors not prepared psychologically to start the IGAs.
- The agents not having appropriate experience or skills.
- Commercial viability of the IGAs not taken into consideration.
- Sometimes the intervention through IGAs is abandoned when donor's funds have been drained.
- Knowledge of the participants to the intervention sometimes not used. There is no participation of the recipients in setting objectives.
- Lack of institutional preparedness.

The critics have gone to the extent of recommending that, alleviation of poverty through income generation has a very low impact; and have suggested other more viable interventions in empowering women for poverty alleviation. Questions on how women spend the income generated and who bears the cost must be taken seriously when researching on credit schemes for empowering women for poverty alleviation (Hurley, ibid).

One of the objectives of starting schemes for funding women's IGAs is to enable women raise their cash incomes and hence their households' standards of living. In doing so women will have contributed, to some extent, in alleviating poverty at the household levels. Such schemes must thus be geared towards empowering women in terms of increasing access to, *inter alia,* employment opportunities, education and training for acquisition of technical and enterpreneurial skills.

The issue of empowerment is very crucial in enabling women to fully participate in poverty alleviation because women are socially and economically disadvantaged. It is important to analyse women's position in the process of income generation for poverty alleviation. It has been argued that many women could succeed in economic activities for poverty alleviation if they are given resources.

Boitumilo et al (1995) contend that in order for the credit to influence income generation activities and hence poverty alleviation, the following needs have to be addressed:

- Education and training
- Borrowing arrangements
- Business supervision
- Awareness creation
- Confidence building
- Follow up
- Marketing
- Resource mobilization
- Business environment

Awareness and confidence building needs to be given significant attention. This is crucial in the process of financial empowerment and integration of women into the economic mainstream. It also assists in increasing their contribution in the process of poverty alleviation.

Women need to increase their power and control over the necessary resources for sustainable and dignified life. The issue that arises then is the extent to which the prevailing credit schemes have been able to empower the target groups, i.e women. Earlier approaches, strategies and efforts failed to alleviate poverty among women because their focus was on women's attainment of practical needs such as income, water, health facilities and labour-saving technologies. The empowerment component, which some authors call capacity building, was over-looked. As such the programmes continued to reinforce oppressive gender relations.

This study therefore aimed at assessing the extent of empowerment of low income women at household level due to loans given to them for the purpose of starting IGAs. The main focus was on the effectiveness of the credit schemes in empowering women and hence making them effective in the agenda setting for poverty alleviation. This research was limited to clients of the pilot Credit Scheme for Productive Activities of Women in Tanzania and its successor, CREW Tanzania.

### 1.3 Objectives of the Study

The first objective of this study was to assess the extent to which the credit scheme has had an impact on gender relations. Specifically the study set out to investigate whether the credit scheme has contributed to empowering women or not.

The second objective was to find out factors influencing or inhibiting the success of IGAs financed by the credit scheme for women.

The third objective was to assess the sustainability of women's income generating activities. The sustainability of such activities was considered important in ensuring permanence of women's empowerment.

### 1.4 Significance of the Study

The undertaking of this study was justified on the following grounds:

- It would establish further the factors affecting the implementation and sustainability of IGAs in fostering women's empowerment so as to raise their socio-economic status.
- It would generate new knowledge useful to development planners, policy makers and practitioners in relevant Ministries, NGOs and other bodies interested in promoting gender issues and poverty alleviation at household level.
- The findings of the study might contribute in designing new or re-designing the existing national strategies for poverty alleviation in Tanzania.

### 1.5 Research Questions

The study s questions were:

- To what extent has there been empowerment of women in households where the spouse is abeneficiary of the credit scheme?
- What factors have influenced or inhibited the process of poverty alleviation among women at household level.
- Are the women's income generating activities funded by the credit scheme sustainable?

### 1.6 Research Assumptions

This study took into consideration the following assumptions:

- Provision of loans to women in order to start IGAs meant to raise their socioreconomic status and alleviate poverty was considered necessary and would continue.
- Gender relations within households could influence or be influenced by IGAs started by women.
- Sustainable women's productive activities could guarantee lasting and effective women's empowerment.

### 1.7 Research Hypotheses

***Hypothesis IHypothesis 1***

There is no statistically significant difference in gender relations within households between the period prior to taking loans and the period after.

***Hypothesis II***
There is no significant difference in gender relations between households with sustainable projects and those with non-sustainable ones.

## 1.8. The LimitationsThe Limitations

The limitations of the methodology used include the following:

- The main study was conducted without a pilot study. The latter could have given more insights on the realities in the field on the problem being studied.
- The variables used to assess women's empowerment were based on responses given by wives only. Men were systematically not asked such questions. As such, the results might be biased in favour of women.
- Officials of CREW Tanzania were not included in the sample due to management problems. Therefore the researchers could not cross-check the correctness of some of the data obtained from the scheme's clients.
- By limiting the research sample to the clients of the scheme and their husbands only, the views of other low income people (men and women) were not tapped by the study. This approach deprived the study of some valuable data which could have been used for comparative purposes and thereby enhance the quality of the results,
- The conventional data collection methods used (structured interviews, questionnaires and documentary review) did not have inputs from the rural communities concerned. Some important data might have been missed due to this shortcoming.
- Changes in gender relations are difficult to capture in single visits to the field as it was the case in the study.
- No attempt was made to determine poverty levels before and after taking the loans.

Other general limitations of the study were as follows:

- The majority of IGAs started with the loans taken in 1992 and 1993 had collapsed.
- The majority of the interviewees had taken their loans at the beginning of 1996.
- During the period of the field work (July-August) the target population of the study was busy harvesting paddy and maize or attending to their beans farms. This affected their availability.
- Some of the husbands were somehow reluctant to come forward for interviews claiming that the credit scheme had, all along, not involved them.

## 2.0 LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

### 2.1 The Concepts of Gender and Gender Relations

The concept of gender rose to prominence in the late 1970s as researchers looked for a way to conceptualise the social construction of masculinity and femininity. Attention was shifted away from the biological to social relations between women and men (Mbilinyi, 1992). The concept of gender concerns itself with examining two components of human beings, men and women, in order to improve both the understanding of their relations of status and inequalities, participation and also to proclaim equality of rights, responsibilities/role and capacity for both sexes (Muro, 1994). According to this view, the problem of women and development concerns both men and women, and more specifically the relations between them.

It is important to note that gender as a social construct coincides with other differentiation axes like age, ethnic group, urban-rural location and global location to characterize the life situations and parameters of various women (Mbughuni, 1994). Gender relations are constituted in terms of the relations of power and dominance that determine the life chances of women and men, boys and girls (Muro, 1994).

Gender relations describe interactions between individual men and women and also what is considered appropriate behaviour or activity for men and women. Generally, in all patriarchal societies gender relations are discriminatory against women. They are socially constructed and reconstructed as a result of the behaviour of women and men themselves (Mbilinyi, 1992). Unlike the biological characteristics of men and women which are immutable, gender relations are changeable, subjected to abolition and transformation through happenings in the history of society.

According to available literature (Okeyo, 1980; Guyer, 1981; Leacock and Etienne, 1991; Terborg-Penny, 1987; Mbilinyi, 1992; Kaihula, 1995), there., is enough evidence to trace the evolution of gender relations in Africa and elsewhere. For example, contrary to what has been contended by some literature, Leacock and Etienne, (ibid) and Okeyo (ibid) argue that in pre-colornial Africa there were instances where women did not occupy a subordinate and a completely powerless position in the society as examplified by women members in the aristocracies of the Kingdoms of Swaziland and Ethiopia. The authors assert also that a similar situation was prevalent in some of the indigenous American societies. This nature of gender relations during this period has led some scholars (Meillassoux, 1975; Mathurin, 1975; Kjaerby, 1979; Terborg -Penny et al, 1987) to describe them as being complementary and separate at the same time whereby men were ascribed to higher status while women were depicted as saddled with domesticity.

According to Cherryl (1990) gender relations in African indigenous societies were characterized by appropriation of women's labour by men. Cattle were used in most societies as a means of appropriating women's productive and reproductive labour. Women were acquired by men through brideprice whereby cattle were a means of exchange. Cherryl (ibid) further explains that in the colonial and neo colonial periods gender relations became more oppressive. Colonial taxes like the hut tax were based on individual households (huts) requiring men to obtain revenue for paying the tax from women. Since most men had several women as wives and each woman had her own hut; one man had several huts from which to collect revenue.

From the 1960s and 1970s, gender relations in the developing world have been influenced by the Women in Development (WED) perspective whereby women were left out of mainstream development. However, efforts to integrate them as beneficiaries have been criticised for having added more workload on women instead of reducing it (SIDA, 1975; Mbilinyi, 1984; Meena, 1984). WID has also been criticised for its emphasis on women leaving out men and ignoring the fact that any instability in gender relations at the household level might hamper the process of poverty alleviation.

In this study gender relations are discussed and analysed in the context of the relationship between the loanee who is a woman and her husband. The gender relations in question are participation in decision making, access to and control over resources, freedom to use own time, respect from husband and community, decision making on money use from loan-assisted IGA and husband's assistance in domestic chores.

### 2.2 Gender Analysis in Business.

Gender relations can also be traced in the development of the culture of women involvement in small business and microenterprises for income generation. Traditionally women in Tanzania used to confine themselves entirely to the agricultural sector and not in wage labour until after independence in 1961.

It has been observed, however, that, those who managed to establish themselves in urban areas were very much marginalized (Gaidzanwa, 1993). Such women used to squeeze themselves into fringe activities such as food selling, beer brewing and prostitution. Gaidzanwa (ibid) also observes that in rural areas, women could not establish their own trades on land except for those who were married who engaged themselves in their husbands' activities as family unpaid workers in the farms, shops and crafts production.

The economic recession in the mid 1970s and early 1980s had an implication on gender relations and entrepreneurship. Women in many areas seized the opportunity to start IGAs such as production of dye and tie clothes, buying and selling of grains from producing regions to non producing regions. It has been argued that the recession had a gender impact because it created conditions necessary for mobilizing women's entrepreneurship outside the contours habitually delineated by the accepted division of gender roles (Gaidzanwa, ibid). This complements the theory that, gender relations are constructed and reconstructed depending on the changes in economic and historical events in the society.

Gender analysis of lending institutions has revealed that despite the fact that women have excellent loan repayment records, they are still less represented in the portfolios for micro-producers and borrow on average smaller amounts than men (Buvinic, 1993). Buvinic (ibid) argues that women are more represented in loans that require group collateral rather than material collateral which are given to men. Buvinic (ibid) argues that this type of loans are least productive and do not have long term financial viability hence their failure to graduate their clients into the formal banking sector.

Using gender to analyse loan risks, Goetz and Gupta (1994) have observed that women may be preferred to men as participants in micro-credit programmes because they are seen to be more reliable and tractable and are easier for field workers to access. Focusing on gender power relations and control over the use of loans, Goetz and Gupta (ibid) see loans as a way of strengthening male control over household resources without necessarily jeorpadizing household access to that resource. These authors agree on the fact that, poor men are almost as powerless as poor women in terms of access and control of resources hence their support of empowerment processes when they enable to bring much needed resources into their families. In spite of the obvious merit of development policies which give priority to assisting women to start IGAs, some scholars (Pearson, 1992; Cammack et al, 1988) have argued that there is a considerable concern among development practitioners about the lack of understanding by policy makers of gender relations and how they affect women negatively. For example, in the implementation of SAPs in Third World countries, it has been observed that as the total amount of goods and services the household can afford to buy falls, the share of women and girls of these shrinking resources has also tended to decline further.

In line with the above observation, Pearson (1992:113) points to the need of looking at the question of development through the perspective of gender relations. In order to effect change in the development process and hence reduce poverty among women and in households, changes in gender relations which are socially constructed must be made first. Researches and studies in Tanzania are very elaborate and vocal on this (see for example TGNP, 1993; Mbughuni, 1994; Mbilinyi, 1992; Misana, 1995; Muro, 1994; and Oman, 1991).

Looking at women engaged in small business and microenterprises in developing countries, it can be concluded that they encounter a number of gender based problems. These problems include:

- Legal right to income possession especially among married women.
- Not having enough time to spend on their businesses due to many responsibilities at home.
- Poor education or lack of education forcing women to engage in unskilled labour with low remuneration.
- Lack of market and business information.

More specifically according to EAC/ATRCW (1990), studies done in Ethiopia, Rwanda, and Uganda to assess the status of women's IGAs and their access to credit, identified a number of problems faced by such activities. These problems include:

- social customs;
- loan size and repayment schedules;
- lack of entrepreneurial skills;
- lack of loan negotiation skills;
- lack of collateral, and

- banking restrictions.

The above problems need to be addressed in order to guarantee full and prosperous involvement of women in business.

### 23 Infra-household Inequalities

The term "household" has been variously defined for different contexts. For the purpose of this study, we shall use the definition elaborated by Guyer (1981) which reads: "Households, then are sites where the various aspects of gender relations find expression through the relationship between wife and husband, parents and children and so on. Households are also then sites of gender struggle and negotiation. Discussions of gender divisions of labour within households involve not only the kinds of activities associated with women and men but also how "trade-offs" are negotiated in response to the many pressures that derive from internal changes in domestic cycle and from "external" changes in the socio-economic context in which .the household is located.

Pearson (1992:302) asserts that some empirical evidence from several studies shows that households in developing countries are far from being units in which all resources and benefits are pooled equitably. In actual fact, the use of resources and labour, and the distribution of income and output, have constantly to be negotiated, and intra-household relations are often conflictive. In the same vein, some gender research on women and poverty alleviation has proved that households are not homogenous economic units (Young, 1988). Studies on the same issue in Tanzania (Koda, 1980; UNICEF, 1986; Oman, 1991; Mbilinyi, and Oman, 1993; Mbughuni, 1994; Kaihula, 1995) have observed that households are not homogenous units but complex arenas of negotiations, conflicts of interests and uncompromised decisions.

Whereas in many households women contribute a major proportion of their labour, time and their total income to the needs of the households, men tend to have considerable autonomy over how they spend their income (Pearson, op.cit). Intra-household inequalities in making decision affect women's power in alleviating poverty because they cannot make decision in allocation or distribution of resources at the household level or at higher entrepreneurial levels.

Using gender to analyse the impact of the Green Revolution in rural India, Agarwal (1985), among other things, found that the total income of small cultivator households increased generally but decisions on the spending of this income remained biased against women. As for women from large cultivator households, Agarwal (ibid) found that despite the considerable rise in household incomes, it did not signal an increase in women's autonomy and their ability to bargain over allocation of household income.

Similarly, Whitehead (1990) made a study of an irrigated rice project in the Gambia. He found that in households where men and women hold separate purses with no pooling of cash income, and have responsibility for different items of household expenditure and food production as well as different access to resources for production, it cannot be assumed that increased household production and incomes will of necessity improve the living standards of all members. A study by Mbilinyi and Omari (1993) found that the more low income women control and manage their own incomes, the more the responsibilities are added to them at household levels. According to this study husbands or male partners have been running away from their parenthood responsibilities because the women are now considered to have been more capable of taking care of the household responsibilities financially.

The issue of poverty alleviation at household level therefore remains a subject of serious debate, needing further research for solution to be sought. Misana (1995) aptly concludes that empowerment of women is one area that all parties interested in poverty alleviation need to direct their attention to, for without it, all other strategies, particularly those that focus on practical needs of a woman will only serve to perpetuate discriminatory gender relations. This implies that a deeper understanding of gender relations at household level in a given society and how they influence or inhibit the empowerment of women and thereby contribute in poverty alleviation, is imperative.

It is on this basis that, the development of gender analysis has evolved from a discontent with WED and related development approaches by adopting the Empowerment Approach as a Third World Alternative (Mbughuni, 1994). With the exception of the gains in health and education, research on the situation of women and later gender in Tanzania has offered a fairly consistent critique of development strategies as gender-blind, male-biased and negatively impacting on women (Mbughuni, 1994).

## 2.4 Poverty and Poverty Alleviation in Tanzania

Poverty is a menace in Tanzania and the proportion of the poor compared to total population has been growing in spite of the measures being undertaken to alleviate it. Poverty is characterized by low per capita income which makes the capacity to meet basic needs low(Chambers, 1985). Other characteristics of poverty include prevalence of sickness due to ill health, indebtness and inadequate supply of food. Chambers (ibid) further characterizes poverty using indicators such as lack of wealth or assets and lack of flow of cash and food. In addition he also adds physical weakness, vulnerability, deprivation and powerlessness in his definition of poverty, all of which are common among low-income women in Tanzania.

Poverty is also defined as lack of education, skills or tools to acquire income and assets as well as lack of access to power to modify the situation (van Lierop et al, 1991). Poverty should be seen as the process leading to deprivation and vulnerability (Misana, 1995). It will be observed that the different aspects of the definition of poverty mentioned above typically characterize the situation of the majority of Tanzanian women (URT/UNICEF, 1990; TGNP, 1993; Misana, 1995).

Poverty can further be conceptualized as a standard of living whereby one lives below a minimum acceptable level (Mtatifikolo, 1994; Semboja, 1994). Indicators of nutritional and non-nutritional requirements like shelter and clothing are used to draw the minimum requirements level or the poverty line. The poverty line is the amount of income necessary to purchase the minimum food and non-food requirements.

Poverty alleviation refers to lifting the poor out of poverty. There are two approaches towards poverty alleviation which have received attention of those concerned with poverty issues (Mtatifikolo, op. cit). One approach is poverty alleviation through growth and the second is through redistribution. In the growth approach it has been assumed that governments should concentrate on growth policies and the results of growth will "trickle down" to the poor through primary and secondary incomes hence alleviate poverty. In the redistribution approach poverty will be alleviated through special programmes and donor projects. As for the effectiveness of the two approaches, Mtatifikolo (op. cit.) argues that the practical problems of growth and its "trickle down" effect, make the redistributive strategy to be more practical for alleviating poverty. Disbursing of income/resources to the poor and raising the required resources from the non poor seem to be less costly and efficient in eradication of poverty. Caution has however to be taken in targeting the poor to avoid corruption and manipulation of funds.

In Tanzania both approaches of poverty alleviation have been used. Credit schemes for low income women are within the framework of the redistribution approach.

## 2.5 Women and Poverty Alleviation in Tanzania

The concern for women in poverty alleviation efforts in Tanzania is important because women continue to be the most disadvantaged group (Misana, 1995; URT/UNICEF, 1990). Globally, the issue of women and poverty requires a special consideration because women and girls of poor rural households bear a disproportionally high share of the burden of poverty. This is manifested in the nature of women's work in agriculture which expose them to certain health hazards; time devoted to work and rest by men and women in rural areas; women's unequal access and control over cash and its implication in poverty alleviation and the nature of women's domestic and reproductive work (Batliwala, 1983).

In measuring poverty or wealth of women, the level of their access to and control over resources must be considered. This is because from a gender perspective, power over resources is a key concept on poverty (Mbughuni, 1994). This view has led to the realization by many people that, without a critical analysis of gender relationships in society and overcoming the constraints that mitigate against women, poverty alleviation programmes will continue to benefit more men than women (Misana, 1995).

While poverty affects households as a whole, gender division of labour and women's responsibilities for household welfare make women bear a disproportionate burden in alleviating poverty. For example, trade liberalization policy in Tanzania removed price control and subsidies. This forced women to look for ways of earning incomes to meet the rising prices of food items. The policy has affected women more because they are the immediate food suppliers at the household level. Poverty is perceived and experienced differently by men, women and social classes (Mbughuni, 1994; Misana, 1995). The controller of resources has more power in poverty alleviation and thus, as Misana (ibid) argues, there is need of poverty alleviation policies and programmes to be gender sensitive.

In relating poverty to gender and social groups, Mwaipopo (1994) argues that within gender analysis, manifestations of poverty are largely associated with inequalities in gender as well as within social class. This view is widely accepted. For example, the World Bank, in outlining the strategies for incorporating women in economic development, suggests among other strategies, the need of studying and considering gender relations in as far as access to and control of resources for alleviation of poverty are concerned.

Women's reproductive roles can be a hindrance to poverty alleviation. Observation on this issue show that women's reproductive responsibilities related to child birth and child care cause absenteeism and lower participation in income generating activities and in employment for those women who have wage employment (TGNP, 1993).

## 2.6 Women's IGAs in Tanzania

Income generating activities for women in Third World countries arose in the context of the basic needs approach (BNA) within the dominant concept of WE) which emerged in the early 1970s (Mbughuni, 1994). This was a response to the growing evidence that economic and social development efforts had not benefitted women as much as men (Muro, 1994; Mbilinyi, 1992). The BNA emphasises the reduction of income inequities between men and women. It is for this reason that women in Tanzania have for quite a long time now been encouraged to undertake IGAs so as to realize cash income of their own for supplementing their household income and improve their standard of living.

With the growing importance of the informal sector in Tanzania and the vital contribution of this sector to the national GDP, women's IGAs are encouraged since they contribute immensely in terms of providing basic goods and services to the majority of low income groups in Tanzania (Maliyamkono and Bagachwa, 1990; Omari, 1991). Accordingly, women have been very active in the informal sector since the 1980s. More than 5,440,000 women are engaged in this sector (Planning Commission, 1991). The Planning Commission further observes that the informal sector tends to be a sole source of income for women than men. Promoting microenterprises and hence the informal sector is one of the required actions in order to eradicate poverty. Enabling low income women to have access to financial credit is thus one of the right interventions.

This intervention targeting women can be justified on several grounds:

- It can help to mitigate the effects of greater economic marginalisation of women and increasing feminisation of poverty due to the implementation of SAPs.
- Women earning and controlling cash income are more likely than men to use it for human development.
- Non-targeting is likely to have a strong anti-poverty and gender bias. Most of the benefits are likely to go to the politically and economically more powerful groups,
- Targeting can provide a very cost-effective way of ensuring that services and benefits reach the intended groups.

However, targeting women by itself is far from being adequate. It should be accompanied by macro policies leading to economic growth which should in turn expand employment, productivity and wages of the poor. Public resources should be channelled in expanding human development. Furthermore, governments have the responsibility to address structural inequalities in the distribution of assets especially land, credit, housing and social services.

Development strategies based on the WID approach have been criticized for lack of attention to root causes of women's oppression; concentrating on short-term welfare delivery; and in being stop gap approaches (Mbughuni, 1994). Kandiyoti (1990) sees the following shortcomings of WID projects and policy proposals for rural women: first, they tend to ignore the broader development context in which women specific projects are inscribed and second, little acknowledgement is given to the fact that increasing women's productivity has to be matched with substantial relief from reproductive tasks. Other criticisms of WID approach are that WID projects added more work to women without alleviating other responsibilities in production; that they reinforced gender division of labour; that WID did not challenge the growing gap between rich and poor nationally and internationally; that WID left out men; and that the emphasis on the economic sphere left out cultural, psychological and political elements (Mbilinyi, 1992). On the whole, WTD approach considered women as beneficiaries and not active participants in development.

Studies on women's IGAs in Tanzania; (Bryceson and Kirimbai, 1980; Mbughuni and Mwangunga, 1989 Omari, 1991) found that the activities were small-scale; traditionally feminine; service oriented; utilizing traditional skills with small capital investment and low returns. It is generally felt that although the activities meet women's real and critical need for cash, they didn't have an empowerment component and hence continued to reinforce oppressive gender relations. It was out of such shortcomings of the WID approach to women's IGAs that, the Gender and Development (GAD) approach is now being used and reinforced. Through GAD, women are active participants and have been mainstreanied in the development process. This has enabled them to realize and utilize their potentials for self empowerement and hence their full participation in poverty alleviation.

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Studies on women's IGAs in Tanzania also indicate that their outcome is constrained by some degree of women's lack of access to capital; raw materials; skills and technology (Mbughuni, 1994). There are also some gender specific limitations like lack of free time; restricted mobility; misuse of resources by husbands; various forms of officialdom; welfare orientedness of the activities; dependence on grants; and misappropriation of funds for poorer women by the well connected (Mbughuni, ibid). Yet other limitations are cultural, religious and ideological systems prevailing in a society.

## 2.7 **Financing IGAs of Low Income People: An Overview**

According to Ryne and Otero (1997) the characteristics of IGAs of low income people (or micro-enterprises) are as follows:

- have very small start-up capital requirements approximately between USD 49 (about Tshs. 31,0007=) in Sierra Leone and USD 1,104 (about Tshs. 695,5007=) in Jamaica.
- operate on short-term planning cycles, often daily or weekly;
- in rural locations business often varies with agricultural seasons;
- the population is in constant shift, with many starting and ending in any given year.
- short-term financing, in small amount, is the greatest need;

- majority are part of larger family or household units;
- individual financial needs not separable from the financial needs of the enterprises themselves.
- lack of marketable assets;
- serious time constraints;
- need for services located close to their business which can process transactions quickly.

The inability of low income people to mobilise resources sufficient to constitute capital for starting IGAs is one of the major causes for the persistence of poverty. This problem is compounded by the virtual inexistence of credit facilities appropriate for owners of IGAs or microentrepreneurs. A couple of examples will illustrate the magnitude of the problem. In Tanzania, out of the 1.8 million enterprises in the informal sector only 0.4% (8,000 enterprises) obtained their credit from formal sources (Malirna, 1997). On the other hand, it is estimated that fewer than 10% of the people who operate micro and small enterprises in Kenya have access to financial services (Dondo, 1997). This serious lack of access to credit by microentrepreneurs has become even more acute with the liberalisation of banks and financial institutions. Microentrepreneurs are unable to secure loans from the formal system because they cannot meet the requirements demanded by banks namely capital, character, and collateral. In this situation, donor agencies and NGOs have been promoting IGAs/microenterprises by responding to their needs.

Other financial services - credit annd savings - have also played a crucial role in this undertaking. Providing appropriate financial services to low income entrepreneurs is important because such an intervention may well be the single most effective means to tackle poverty and create broad-based economic growth (Dondo, op. cit). This is because financial services give poor people the means to increase their assets, income, living standards and their roles in shaping society. But the big question is how one avails appropriate financial services to poor owners of IGAs?

The dominant approach of the 1970s and 1980s involved the supply of an integrated package of credit and training with the goal of enterprise development (Rliyne and Otero, 1997). However it was found that this approach had limited impact on beneficiaries; it was costly and could only be sustained or expanded with continued grant funding (Dondo, op.cit). This limited impact on beneficiaries is partly caused by the clients' perception of such programmes as welfare service and their failure to develop a serious financial relationship with the institution. Often credit under this approach did not even reach the poor.

Experience of the 1970s and 1980s in promoting IGAs of low income people show that a financial systems approach is the most effective way of giving poor entrepreneurs access to financial services. The principles of this approach require the microfinancing institution to break even or turn a profit (Rhyne and Otero, op.cit). The financial systems approach focuses on measures of increased access to financial services. Such measures revolve around the ability of credit programmes and institutions to streamline their activities so that the costs of lending are commensurate with the small loan needs of clients.

The current view is that microenterprise programmes supported by governments and donors should move toward viability without leaving out the very poor in that process. This shift should be possible because evidence over the last ten years has shown that the poor are bankable. Mcrofinancial services can be provided to large numbers of poor people in self-sustainable way partly because of the following reasons. First, there is evidence that microenterprise borrowers are far more sensitive to the availability, and convenience of credit than to the interest rate (Rhyne and Otero, op.cit). Second, interest rates charged are low compared with typical formal system rates. Third, when a poor person knows that all future access to credit is contingent on meeting monthly repayment deadlines, she/he is more likely to repay in time.

### 2.8 Microfinance Interventions in Poverty Alleviation: Experiences from different Countries

The primary purpose of all credit programmes for small and microenterprises is to raise the living standards of the beneficiaries, their families and their communities (Levitsky, 1993). It is important to look at two tilings: indicators of the impact and methodological problems relating to impact assessment. Current debates in microfinance include issues such as whether microfinance interventions can reduce poverty; reaching the poorest of the poor; and assessing the impact of interventions (Johnson and Rogaly, 1997). This is based on the theory that the provision of small loans to microenterpreneurs is an effective policy instrument in the fight against poverty (Hulme andMosley. 1996).

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An assessment of the impact of microfinance interventions depend on how poverty has been defined. Indicators of the impact of microfinance interventions include employment creation, business growth, extent of benefit to women entrepreneurs, income promotion, and raising standards of living. Other indicators are: reducing vulnerability, redistributing incomes, reducing dependency on powerful groups by the weaker ones and restructuring socio-political relations in favour of the poor.

Development practitioners in the area of poverty alleviation caution that there are a number of methodological problems and issues relating to impact assessment of microfinance interventions. They include the following (Levitsky, op.cit; Johnson and Rogaly, ibid):

- Most conclusions are based on fragmented and anecdotal impressions because impact assessment is difficult and costly.
- The notion of success of a micro-finance intervention is controversial due to differences in areas stressed by reviewers.
- The impact of interventions over time are difficult to predict because poor people are not static targets. Their actions can combine with the processes of planned intervention to enhance or diminish well-being.
- Establishing a causal relationship to the loan in question requires knowledge of all the beneficiary's sources and use of funds.
- It is important to distinguish between the ways in which specific groups of poor people for example, women, men, the landed, the land-less and particular ethnic groups are able to benefit or are excluded from microfinance interventions.
- Omissions in input costings, for example, depreciation of assets and the opportunity cost of labour do obscure negative outcomes of interventions.

- It is claimed that credit alone is insufficient to make significant impact on the incomes of the poorer beneficiaries.
- On account of the problems highlighted above, many impact assessments have laid stress on the microfinance programme's efficiency of disbursement, number of beneficiaries and the extent of loan recovery as measurement of success.

The following are an overview of the findings of comprehensive studies on the impact of microfinance interventions in Bangladesh, Indonesia, Colombia, Mexico, Bolivia, Sri Lanka, India, Kenya and Malawi.

A study by Hossain (1984) on the Grameen Bank in Bangladesh found that there was a.30% increase in per capita income of borrowers. It was also found that the difference between Grameen borrowers and non-borrowers on employment generation was very small. The study used a sample sizettf 62 borrowers and compared it with a control group.

An evaluation of the impact of the Bangladesh Rural Advancement Committee (BRAC) was made in 1988 (Levitsky, op.cit). BRAC is one of the largest NGOs involved in poverty alleviation in Bangladesh. A comparison between 50 male and female members from four randomly chosen branches who had received loans and a control group who had not yet received loans from BRAC was made. Both groups came from similar socio-economic backgrounds. An examination was made of the source of income in order to determine that the improved situation was due to BRAC credit. The study showed that the per capita annual income of the households that borrowed from BRAC was 26% higher than that of the control households. It also showed that 50% of the borrowing households had an annual income of more than 19,000 taka (Bangladesh currency) per annum whereas this was true for only 29% of the control group. Another finding was that borrowing households had a higher employment generation ratio of 1.61 compared to 1.38 for non-borrower households. Another impact study done in 1988 (Levitsky, op.cit) compared the income of BRAC members with a baseline. The results showed 160% increase in real incomes, 84% increase in employment and 153% increase in possession of assets.

Montgomery et al (1996) conducted a study on BRAC Rural Development Programme (RDP) and the government administered Thana Resource Development and Employment Programme (TRDEP) from December 1992 to February 1993 (Hulme and Mosley, op.cit). TRDEP is overseen by the Bangladesh Ministry of Youth and Sports. It was initiated in 1987 to reproduce and adapt the Grameen Bank. A sample of 156 BRAC-RDP and 160 TRDEP members was used. The sample comprised long time members (3-5 years), members for one year and newly recruited members without any loan yet as a control group. Study areas were purposively chosen to get vibrant economy areas and "depressed economy" areas. On one part, respondents were asked to recall the situation in the month before they took their last loan and to describe the present situation on the other.

Among other findings, it was found that for BRAC-RDP members, incomes from loan-assisted enterprises accounted for approximately 44% of total income. This implies that loan-assisted enterprises were the most important source of income. However, the increase in incomes was marginal since it was not sufficient to change the structure of household consumption. This is because households reported spending over 80% of total expenditure on food thereby implying no impact on poverty levels. Increases in household asset values, productivity and employment were marginal.

In contrast to the BRAC-RDP sample, TRDEP borrowers were experiencing significant real increases in income. A causal role for credit was suggested in the income changes. On average data showed that TRDEP borrowers were graduating out of poverty. This was evidenced by third time loanees who stated that only 59% of their monthly incomes was spent on food.

The difference in the impact of credit between the BRAC-RDP and TRDEP sample can be explained by the fact that households need a minimum of economic characteristics in order to use loans successfully. According to Hulme and Mosley (ibid) these characteristics include the following:

- existence of a reliable income;
- freedom from pressing debt;
- sufficient health to avoid incapacitating illnesses;
- freedom from imminent contingencies;
- sufficient resources to cope with problems when they arise; and
- household creditworthiness.

Indonesia is another country with a long history of microfinance interventions for poverty alleviation. Those which have attracted impact assessment studies include the Kredit Investasi Kecil/Kredit Modal Perja Permanent (KTK/KMKP), the Badan Kredit Kacamatan (BKK) and Kredit Umum Pedesaan (KUPEDES).

The Kredit Investasi Kacil/Kredit Modal Perja Permanent (KIK/KMKP) was a government sponsored credit programme for indigenous small scale entrepreneurs in Indonesia. It was established in the early 1970s. By July 1987, 2.5 million loans had been disbursed (Levitsky, op.cit). An impact assessment basing on a sample of 470 small-scale enterprises found that the enteprises hired on average between 2.1 and 4.8 additional workers and acquired additional assets of between Rp. 6.9 million and Rp.16.2 million. The limitation in this study (and in similar ones) is the assumption that credit was the major determinant of the changes.

The Badan Kredit Kecamatan (BKK) or subdistrict credit institution is a minimalist programme in Central Java, Indonesia. It predates the Grameen Bank and can claim a pioneer role in showing that the poor, particularly women, are bankable (Levitsky, ibid). A study by Goldmark and Rosengard (1983) sampled 662 clients who had received an average of 13 consecutive loans from BKK. The results showed that 60% of the clients were women and 58% had little or no primary education. In terms of distribution by sector, it was found that 53% were in trading, 15% in agriculture, 12% in services or repair crafts, 11% in handicrafts and 7% in agricultural processing. The majority of the respondents stated that BKK loans had a positive impact on the volume of materials purchased; on the variety of goods sold; on the number of customers on sales volume and on net profits. Fifty per cent stated that the loans had led to additional employment. The findings show that the extent of BKK impact is difficult to estimate.

Kredit Umum Pedesaan (KUPEDES) or commercial credit programmes for small rural enteprises in Indonesia was established in February 1984 (Levitsky, op.cit). It is run along commercial lines by Bank Rakyat Indonesia (BRI) through village units called "unit desa". KUPEDES offers both working capital and investment loans. An impact study on KUPEDES in 1990 found that: at the time of their first loan 15.1% of borrowers fell below the poverty line; about 25% of borrowers were women; the enterprises employed on average 3.4 employees and that the respondents had received three loans averaging USD 250 each. Basing on the characteristics of the sample, it can be said that one limitation of this study was that the sample was biased towards successful borrowers. The study further found that: the income of borrowers grew at an average annual rate of over 20%, total employment in borrower enterprises increased at 18.2% per annum and that enterprises which borrowed more than the equivalent of USD 520 per enterprise increased from 3.4 to 5.6.

From Colombia and Mexico, Levitsky (op.cit) reports the impact of two programmes namely the Fundacion Carvajal and Asesoria Dinamica a Micro-emporesas (ADMIC) respectively. Fundacion Carvajal programmes to assist microenterprises in Columbia took off in 1979. They laid emphasis on business training and education prior to giving credit. An evaluation of the impact of Fundacion Carvajal Programmes suggested that average employment increased by approximately 1 employee per microenterprise; family income tended to go up and business income increased by 45% in commerce and 57% in production (Levitsky, op.cit).

Asesoria Dinamica a Micro-empresas (ADMIC) or Dynamic Advice for Micro-enterprises in English language is a non-profit foundation set up in 1980 by businessmen from Monterrey in Mexico (Levitsky op.cit). ADMIC approach to giving loans is very close to that used by the Fundacion Carvajal in Colombia. Between 1980 and 1991, ADMIC had given 8,500 loans; created 10,400 jobs through business growth due to the loans and helped to sustain 10,000 existing jobs.

From Bolivia, Mosley (1996a) conducted a study on Banco Solidario (Bancosol), a private bank created in 1992 from PRODEM, an NGO providing loans to microentrepreneurs. The study had a sample size of 36 borrowers. A half of the respondents were old borrowers with at least six loans from Bancosol while the other half consisted of new borrowers who had been approved for a loan but were yet to receive one. The latter acted as a control group. The study found that 91% of borrowers experienced increases in income since the previous year. The effect was dramatic within the lower-income section of the sample. At the same time, 29% of the sample crossed the poverty line of 250 *bohvanos* per month. It was also found that increases in employment were almost non-existent among poorer borrowers. Large increases in employment were confined to richer microentrepreneurs. This implies that employment creation occurs after reaching a certain critical level of income.

Hulme et al (1996) researched on the impact of the Federation of Thrift and Credit Cooperatives (known by the Sri Lankan acronym of S ANAS A) in Sri Lanka. The study used a sample of 151 borrowers from two societies: Kurunegala and Moneragala. The findings showed that household incomes rose by 15.8% in real terms after taking the loan while 25% of households below the official poverty line showed improved incomes by the time of the field work. Cooperative credit was also seen as a prime cause of reduced dependencies on informal "tied" credit with crop traders. It was also found that almost 30% of borrowers - reported a diversification of income sources. Green revolution inputs were also made accessible due to seasonal production loans from SANASA credit societies.

In India, Regional Rural Banks (RRBs) are part of the network of institutions through which finance reaches the Indian farmer and entrepreneur. They are mainly concerned with direct poverty relief. Basing on a sample of 280 borrowers, a quarter of whom were novice borrowers (control group) from two RRBs in Andra Pradesh, Mosley (1996b) found that loan borrowers showed a positive income change. 12% of borrowers crossed the poverty line, while others showed a negative change on average.

In Kenya, the Juhudi Kibera Credit Scheme run by the Kenya Rural Enterprise Programme (K-Rep), the Kenya Industrial Estates Informal Sector Programme (KIE-ISP) and the National Christian Council of Kenya (NCCK) Loan Fund have all attracted impact assessment studies. The Juhudi Kibera Credit Scheme focuses on shanty town dwellers who are essentially involved in survival economics. On the other hand, KIE-ISP clients have bigger businesses and greater potential for business development. A study by Buckley (1996a) found that 78% of Juhudi respondents had not experienced any change of employment in their business over the previous year while 8% experienced a decline. Only 14% of Juhudi borrowers experienced employment growth of about 12%. On the other hand, 53% of KIE-ISP borrowers did not experience a change in the number of employees over the preceding period while 18% of them had shed labour and 29% had increased employment. Buckley (ibid) further notes that non-borrowers appear to be doing better in employment generation than Juhudi and KIE-ISP borrowers.

The National Christian Council of Kenya (NCCK) Loan Fund was started in 1984. Loans are guaranteed either by fixed collateral or individual or group or third party guarantors. An evaluation showed that after one year NCCK clients increased their incomes by an average of 375%; increased savings, assets, and consumption levels; created 100 new jobs in 20 new enterprises; created 258 jobs in 86 existing enterprises and there were no business failures (Levitsky, op.cit).

In Malawi, the Smallholder Agricultural Credit Administration (SACA) and the Malawi Mudzi Fund (MMF) have been studied to get the impact of microfinance interventionsO. A study by Buckely (1996b) on SACA found that the average credit farmer had an income three times greater than the average non-credit fanner. It was also found that credit farmers achieved about 71% income per hectare than non-credit farmers.

The findings on the Malawi Mudzi Fund suggest that its impact tends to be short-term by supporting recipients away from poverty during peak trading times (Buckley, ibid). The most direct impact is employment as the loan enable the poor to be self-employed by starting or restarting businesses. In 80% of cases the loan-assisted enterprise was the only source of income in the month during which the interview was conducted. MMF members who were yet to get loans appeared significantly worse off than those with a loan history. These empirical studies on microfinance interventions in Africa, Asia and Latin America have shown varied impacts but mostly positive.

## 2.9 Women's Empowerment: A Key to Poverty Alleviation

Any serious attempt to address poverty must be based on a sound analysis of the different situations of men and women especially in terms of power over resources. This is because access to and control over resources is one of the major constraints facing women in the development arena (Mbughuni, 1994).

The concept of women's empowerment and its indicators have been defined by various authors. Mondros and Wilson (1985) define empowerment as a psychological state, a sense of competence, control and entitlement that allows one to pursue concrete activities aimed at becoming powerful. Kanji, (1995) defines empowerment as increasing of individuals' ability to act more effectively without endangering or reducing others' power or ability to do so.

Empowerment, is a process that increases the capacity of the disempowered to act on their own behalf and to analyse and understand their problems, to recognise their ability to act on their own behalf and increase their power and control over the resources necessary for sustainable and dignified life (TGNP 1993; Muro, 1994; Misana, 1995). It is a conscientisation process that challenges structures of society which disempowers them and removes barriers to transformation (Muro, 1994; Misana, 1995). Through empowerment, it is possible to make changes in those structures (political, cultural and economic) which create disparities that directly or indirectly affect women.

Writing on women's empowerment, Friedman (1989) asserts that it includes both individual and collective action. Friedmann (ibid) sees women's empowerment as a process which starts with conscientisation linking consciousness to action. Individuals must be aware first before the' process becomes collective. Ackerly (1995) defines women's empowerment as a change in the context of a woman's life that increases her capacity to lead a fulfilling life. It is a positive change in a woman's life circumstances as characterized by external qualities such as her status in the family, health, education level and experiential knowledge as well as internal qualities such as serf awareness and self confidence.

According to Muro (1994) women's empowerment is a strategy with an outcome goal of reduced gender inequality and disparity between men and women, subsequently attaining increased development and social transformation. To empower a woman means, making a woman realise her production and other social roles potential in the society (Muro, 1994; MCDWAC, 1995).

This means increasing her access to employment opportunities in all spheres of economic activities through which she can earn a living, satisfy her basic needs for existence; improving women's management and agricultural production capacities in the informal sector; developing entrepreneurial skills so as to increase their initiatives to start up IGAs on their own; having access to training, to technical skills, to factors and means of production and to marketing skills (MCDWAC, 1995).

One of the constraints on women's business is sectoral segregation. Throughout the world women are most likely to be found in food production and processing, beauty services, and child care, (Allen and Truman, 1993). Women empowerment strategies could address involvement of women in the context of other areas. Allen and Truman (ibid) discuss how constraints on time, spatial mobility, domestic responsibilities and decision making could be approached in a process of empowerment.

In discussing factors which prevent women from branching into larger business, Jones (1990) found low technology and lack of collateral for credit as the main constraints. He recommends economic empowerment which would allow such women to attend training and increase their ability to buy equipment necessary for expanding their businesses. Further more, self-confidence, determination and positive attitudes are also problems facing women entrepreneurs. These constraints can only be eliminated through empowerment from within.

In their study about rural credit programmes and women's empowerment in Bangladesh, Hashemi, Schuler and Riley (1996) used eight indicators to determine women's empowerment. These indicators were: mobility; economic security; ability to make small purchases; ability to make larger purchases; involvement in major household decisions; freedom from domination within the family; political and legal awarenesses and involvement in political campaigning and protests. One of their conclusions was that women's empowerment can only be achieved by increasing women's consciousness about gender and class relations and organizing them to engage in grassroots movements for women's rights.

Empowerment of women extends beyond economic and social aspects; it also includes political empowerment. This means increasing access of women to democratization process, governance, politics and decision making; women's access to and management of natural resources; to land tenure and food security; to sustainable shelter and other issues of environmental interests. However, this study will limit itself to women's empowerment at household level by investigating on the loanee's (wife) situation before and after receiving the loan(sj *vis-a-vis* the husband with regard to the identified gender relations. These are: participation in decision making, access to and control over resources, freedom to use own time and respect from husband and community. Others are: decision making on money use from loan-assisted IGAs and husbands assistance in domestic chores.

For women to be fully empowered, it means increasing their access to more income which can form a basis to improve their productivity. It also means getting access to education, employment and health services. It further means strengthening their position in terms of access to and ownership of productive resources and equality in decision making powers (Misana, 1995). Men's attitude and respect to women must also be transformed to reflect improved communication channels and women's involvement in decision making. The level to which they have control over their resources and the dignity or respect they command also show improvement in gender relations.

### 2.10 Credit Schemes and Women's Empowerment

Financial institutions in Tanzania do not formally discriminate against women. However, few women have received credit from such institutions because they lack collateral, knowledge on how to process the loans, long distances of banking services from the rural women and, high costs of processing the loans (MCDWAC, 1995).

Although credit schemes for women in Tanzania started in the early 1970s the poverty situation of most women has not changed much. In discussing the impact of credit schemes on women Ackerly, (1995) argues that although it is commonly assumed that credit itself is empowering; by definition credit is a liability. In order for the liability to be empowering, it must be a means of economic development (Ackerly, ibid).

Most studies on microfinance interventions and women's empowerment have been conducted in Bangladesh. Rahman (1986), basing on a survey of 151 Grameen Bank women borrowers found that 25% of them transfered a half or more of their loan to male family members. The study further found that there was a tendency for women to transfer a greater proportion of successive loans. This implies that women's empowerment was not taking place.

With regard to loan-assisted activities, White (1991) points out that the vast majority of loans to women in Bangladesh are financing traditional activities which are heavily compromised by the persisting responsibilities of women to cover the consumption needs of the family. As a result 12.5% of BRAC women borrowers compared to only 6.6% of men diverted some or all of their loan into consumption. This evidence suggests that the provision of credit does not challenge the traditional division of labour thereby resulting into increased male predominance.

Goetz and Sen Gupta (1994) looked at the control women retained over loans received from the Grameen Bank, BRAC, a large government scheme and a small NGO, all four in Bangladesh. The study was based on 275 detailed loan-use histories. The findings suggested that in 37% cases women retained significant control over loan use while 63% had partial, limited or no control over loan use. At the same time the findings revealed a prevalence of intra-household transfers of loan from the formal (female) borrowers to their male kin. The study further found that single, divorced and widowed women were more likely to retain control of loan use than others. Control was more when loans were small and its use did not challenge prevailing gender roles.

Hashemi et al (op.cit) assessed the effect of Grameen and BRAC programmes on eight indicators of women's empowerment: mobility, economic security, ability to make small purchases, ability to make larger purchases, involvement in major household decisions, relative freedom from domination by the family, political and legal awareness and participation in public protests and political compaigning. The methodology used was to compare villages where Grameen or BRAC were present with villages where the two programmes were not available. The study concluded that, on balance access to credit had enabled women to negotiate within the household to improve their position.

Montgomery et al (1996) conducted a study on BRAC's attempt to empower women and the poor. BRAC's argument is that targeted credit is a way of enhancing a poorer individuals' or households' economic status and power as well as altering the relations of gender and class to the benefit of the weaker parties. Although Montgomery et al (ibid) admit that their data on BRAC does not offer any substantive findings, they postulate that there is no guarantee that credit provision *per se* will change gender relations in ways that empower women in any simple sense even if same degree of social status is gained as a result of increased contribution in the household. They further argue that those women who do well as a result of credit are much more likely to be more empowered *vis-a-vis* other women than the menfolk in their household or in the wider society.

Although microenterprise credit in favour of poor women is widely used as a poverty alleviation intervention, some scholars (Goetz and Sen Gupta, 1994; Casper, 1994, Montgomery et al, 1996) argue that this type of credit does not empower women. They argue that credit as a focal point cannot address gender subordination. They propose holistic approaches to women's empowerment. Contrary to the above views held by critics of minimalist credit programmes, Hashemi et al (1996) found that such programmes by the Grameen Bank and the BRAC did, in fact, empower women.

Credit has to be issued to women as a means of economic development. Empowerment of women on the other hand is and has been an articulated goal of development strategies. It is assumed that the borrower is the one being empowered. The case can be the opposite if there is no deliberate effort by the lending institutions to promote empowerment and the borrowers direct involvement in the funded activity. That is why Ackerly (op.cit) argues further that organizations that wish to empower women should design their programmes through a well defined and observable empowerment tasks and evaluation criteria.

It has further been observed that credit is a key element in economic empowerment because it assures the productivity of the enterprise being financed (Kaganda, 1991). However, a crecln scheme may fail to empower women entrepreneurs depending on how it is managed and iu. components or package. Kaganda (ibid) has observed that, no amount of credit even at the most reasonable rates, can guarantee higher productivity, or income's among credit recipients unless it is accompanied by other packages such as infrastructure, agricultural subsidies, supportive services, credit policies as well as the management of the credit scheme itself. This shows that credit alone cannot guarantee economic empowerment.

Procedures used by credit schemes may cause a negative impact to "loan recipients and hence fail to empower them. For example, procedures and formulation by the lending institution might make the borrower to loose opportunities which would have enabled him/her to raise productivity (Harper, op.cit). Such opportunities include changes of prices and borrower's enthusiasm for the whole venture and changes of weather for agricultural credit.

Concern over loan repayment sometimes have a negative impact on the whole empowerment process (Lamben & Targett, op.cit). Harper (op.cit) also argues that some officials of credit schemes take a patronizing view of the loan recipients. Their emphasis is on procedures which enable the recipient to pay rather than on rigourous enforcement of relatively simple sanctions which will discourage the recipient not to pay. Where such a patronizing view prevails it may psychologically disempower credit recipients instead of empowering them.

### 2.11 Conclusion

A number of important issues have been highlighted in the above literature review and conceptual framework. First, it has been argued that despite women's significant contribution to the economic well-being of their households, intra-household inequalities in decision making affect women's power in poverty alleviation. Second, an attempt was made to show that outside their households, for example, in business, women encounter many gender specific problems which need to be redressed. Third, it was argued that the inability of low income people to mobilize resources sufficient enough for starting IGAs is one of the major causes for the persistence of poverty. Fourth, emphasis was made on the fact that the serious lack of appropriate financial services for owners of IGAs further compounds the problem of lack of resources. Fifth, it was observed that microfinancing institutions have to be financially self-sufficient in order to serve large numbers of low income people and that the poor are bankable.

Sixth, it was noted that credit schemes face constraints due to issues related tc management, clients' perception, credit policy and design. Seventh, experiences in microfinance interventions from different countries were discussed. Eight, it was recommended that in order to sustain IGAs credit should be accompanied by other institutional arrangements. Nineth and last, it was argued that comprehensive empowerment of women to facilitate equality of opportunity between the two genders is crucial in poverty alleviation at household level and in the community at large.

## 3.0 RESEARCH METHODOLOGY

### 3.1 Area of the Study

The study was conducted in Handeni, Korogwe, Lushoto and Muheza districts. These districts were chosen because the Credit Scheme for Productive Activities of Women in Tanzania, the predecessor of CREW Tanzania, was piloted there. All 19 villages covered by the scheme in each district were included in the study

In Handeni district the villages covered by the study were Michungwani, Mkata and Kabuku. Korogwe district had six villages namely Mashewa, Kwamndolwa, Mtonga, Kwameta, Kilole and Kwasemangube. The villages in Lushoto were Dochi, Kwembago, Kwekanga, Ngulwi, and Soni. In Muheza, villages for this study were Amani Kisiwani, Mkanyageni, Mbaramo, Kivindo and Mkumba Kisiwani.

### 33. Target Population

Clients of the pilot credit scheme for women and their husbands, where applicable, constituted the major group of interviewees. The study included male respondents because they are part of gender relations that are socially constructed and deconstructed as a result of the behaviour of men ai^l women themselves (Mbilinyi, 1992). The population for this category in terms of households was as per Table 1.

***Table 1:*** **Clients of CREW Tanzania as of July 1996Table 3.1** ***Clients of CREW*** **Tanzania as of July 1996**

| DISTRICTS | VILLAGES | CLIENTS | TOTAL |
|---|---|---|---|
| Handeni | 1. Kabuku<br>2. Michungwani<br>3. Mkata | 158<br>6<br>21 | 185 |
| Korogwe | 1. Mashewa<br>2. Kwamndolwa<br>3. Mtonga<br>4. Kwameta<br>5. Kilole<br>6. Kwasemangube | 6<br>5<br>10<br>38<br>3<br>5 | 67 |
| Lushoto | 1. Dochi<br>2. Kwembago<br>3. Kwekanga<br>4. Naulwi<br>5. Soni | 30<br>57<br>14<br>30<br>14 | 145 |
| Muheza | 1. Amani Kisiwani<br>2. Mkanyageni<br>3. Mbaramo<br>4. Kivindo<br>5. Mkumba | 3<br>28<br>25<br>50<br>5 | 111 |
| TOTAL | | 508 | 508 |

**Source:Rekvant CDAs and CDOs**

### 3.3 Sample Size and Sampling Techniques

Taking the population of 508 households (see Table 1) the sample size was supposed to be 21[7] households in accordance with published tables for 95% confidence level at a 5% margin of error and 0.50 estimate of population proportion (Fleiss, 1973). However, due to the fear of no: attaining the intended sample size, the interviewing procedure made the sample size to become 268.

Two sampling techniques were used: purposive and random. Purposive sampling was used because it is recommended when sample elements and locations are chosen to fulfil certain criteria or characteristics or have attributes under study (Peil, 1982; Mbilinyi, 1992). In this study, the criteria or attributes included being a client of the named credit scheme for women and being a husband of the client after which respondents were picked randomly.

### 3.4 Composition of the Sample by Location and Gender

Table 2 below shows the composition of the sample size by area and gender. In total there were 268 women and 111 men. The number of women formed the basis of households for the study. Each household produced one woman for the interview. The husbands of all married women, 202 in total, were also to be interviewed. However, due to various factors only 111 husbands were interviewed.

***Table 2: Composition of the Sample by Location and Gender***

| DISTRICT | VILLAGE | WOMEN | MEN |
|---|---|---|---|
| KOROGWE | Kwamndolwa | 5 | 2 |
| | Mashewa | 6 | 3 |
| | Kwasemangube | 5 | 0 |
| | Mtonga | 7 | 1 |
| | Kilole | 2 | 2 |
| | Kwameta | 17 | 6 |
| HANDENI | Kabuku Ndani | 23 | 13 |
| | Kabuku Nje | 28 | 13 |
| | Michungwani | 4 | 4 |
| | Mkata | 11 | 8 |
| MUHEZA | Amani Kisiwani | 1 | 0 |
| | Mkanyageni | 15 | 12 |
| | Mbaramo | 20 | 9 |
| | Mkumba | 3 | 1 |
| | Kivindo | 42 | 15 |
| LUSHOTO | Ngulwi | 18 | 6 |
| | Kwembago | 24 | 8 |
| | Dochi | 18 | 2 |
| | Kwekanga | 9 | 4 |
| | Soni | 10 | 2 |
| TOTAL | | 268 | 111 |

## 3.5 Women Respondents by Marital Status

Table 3 shows that three-quarters of women (75.4%) were married while a quarter (24.6%) were either single (10%), divorced (9%) or widowed (5.6%). Table 4 shows that for those who were married 72.5% said they were living under monogamous type of marriage while 27.5% were in polygamous marriages. The majority of the households. (76.8%), were male-headed while female-headed were 23.1%, mostly constituting the singles, the widowed and the divorcees (Table 5).

One would have expected female-headed households to be close to 25% to match the percentage of all those women who were single, widowed and divorced. However, it was found that even though a woman did not have a husband, she could be controlled by a man who was either her brother, her father, or a man she cohabits with who becomes the head of the household.

***Table 3 Women Respondents by Marital StatusTable 3.3 Women Respondents by Marital Status***

| **MARITAL STATUS** | **FREQUENCY (%)** |
|---|---|
| Single | 27(10) |
| Married | 202 (75.4) |
| Divorced | 24(9.0) |
| Widowed | 15 (5.6) |
| **Total** | **268 (100)** |

***Table 4 Married Women Respondents by Type of MarriageTable 3.4 Married Women Respondents by Type of Marriage***

| MARITAL TYPE | FREQUENCY (%) |
|---|---|
| Monogamous | 146(72.5) |
| Polygamous | 56 (27.5) |
| TOTAL | 202 (100) |

***Table 5 Household Headship by GendcrTable 3.5 Household Headship by Gende***

| **TYPE OF HEADSHIP** | **FREQUENCY (%)** |
|---|---|
| Male-headed | 206 (76.8) |
| Female-headed | 62(23.1) |
| Total | 268(100) |

### *3.6* **Respondents** by **Education,** Age **and Occupation**

The level of education for women respondents ranged from illiteracy to secondary educanoc with the majority being standard seven leavers (58.6%) as indicated in Table 5. Only ore woman respondent in ten (9.3%) had secondary education while the rest were either illiterate or semi-literate. Almost the same pattern was observed for the men. However, the percentage of men who had attained secondary education and above was almost three times higher] (26.1 %) that for women.

Age-wise, the majority of the men respondents (65.8%) were above 40 years while the majority of women respondents (60.8%) were below 40 years.

The majority (68.5%) of the loan recipients were farmers (Table 6) Salaried women were about 14.4% compared to salaried men who were 28.4%. early one woman respondent in ten (8%) was in business of some kind while men (businessmen) constituted 13.9%.

The number of farmers from this study may not be typical of many rural areas in Tanzania

This is because some of the research sample was drawn from urban or semi-urban areas.

***Table 6: Respondents by Education, Age and Occupation***

| **Education** | **Frequency (%)** | | **Age** | **Frequency (%)** | | **Occupation** | **Frequency (%)** | |
|---|---|---|---|---|---|---|---|---|
| | **Women** | **Men** | | **Women** | **Men** | | **Women** | **Men** |
| Illiterate | 33(12.3) | 7(6.3) | 20-24 | 9(3.4) | 1(0.9) | Salaried | 38(14.4) | 32(28.4) |
| Adult Education | 11(4.1) | 4(3.6) | 25-29 | 40(14.9) | 4(3.6) | Farmer | 184(68.5) | 60(53.8) |
| Std 1-4 | 42(15.7) | 20(18.0; | 30-34 | 40(14.9; | 1 0(9.0) | Business | 22(8.1) | 15(13.9) |
| Std 5-7 | 157(58.6) | 51(45.9) | 35-39 | 74(27.6) | 23(20.7) | No response | 24(9.0) | 4(3.8) |
| Secondary & Above | 25(9.3) | 29(26.1) | >40 | 105(39.2) | 73(65.8) | **Total** | **268(100)** | **111(100)** |
| **Total** | **268(100)** | **111(100)** | **Total** | **268(100)** | **111(100)** | | | |

***Table 7; Number of Children in the Households***

| **Range** | **Frequency** |
|---|---|
| 0 | 3(1.1) |
| (4 | 91(34.0) |
| 4-6 | 95(35.4) |
| 7-10 | 60(22.4) |
| >10 | 19(7.1) |
| **Total** | **268(100.0)** |

The majority (69.4%) of the households had a range of 1-6 children, compared to 22.4% who had 7-10 children and families with more than 10 children constituted 7.1% (Table 7).

### 3.7 Methods of Data Collection

Three methods of data collection were applied: documentary review, structured interview, and observation The structured interview was the major method of data collection.

***Documentary review***

This method was used to get background information about credit schemes and poverty alleviation. It included documents such as relevant theoretical papers and progress/evaluation reports. Further literature was obtained from the libraries especially at WDRP (University of Dar es Salaam); REPOA and TGNP.

***Interviews***

Interviews constituted the major method of data collection for this study This was partly because of the nature of the study itself- an opinion survey to assess change in certain variables over a certain period of time and partly because of the low literacy level of the participants The latter **made** it impossible to use self administered questionnaires.

**The** interviews were guided by structured schedules .with closed and open-ended questions administered by the researchers and research assistants. Respondents were interviewed separately **to** avoid external influence or consultation between them. Before conducting interviews, respondents were introduced to the objectives and expected benefits of the study undertaken so as **to** enable them to participate by listening, responding to questions and raising issues/questions **about** the discussion. Questions were asked in such a way that they gave rise to discussions.

**During** interview sessions the researchers picked issues which were raised by the participants **and** interpreted them. Individual interviews for women and their husbands were supplemented by focus group discussions in order to get further insights. Furthermore, local CD As and CDOs were interviewed whenever possible to supplement information from clients of the credit scheme and their husbands.

***Schedules for the structured interviews***

There were three types of interview schedules. One was for women clients of the credit scheme, and another one for their husbands. The third type was for the local Community Development Assistants and Officers.

***Observation***

This method was used in assessing the productive activities funded by the credit scheme, where applicable, and in observing the general environment for example, the socio-economic situation of the household and the well being of the people.

### 3.8 Data Analysis

The data collected were mainly qualitative. The variables for which data on the condition of women were sought were those relating to the empowerment question. For this purpose the factors that hinder or influence the empowerment of women were investigated. Data analysis involved extracting relevant statistics for each variable in terms of frequencies and finding percentages. Then the Chi-square statistic was used to test the hypotheses

## 4.0 THE FINDINGS AND DISCUSSION

### 4.1 Respondents' Perception of Poverty

In order to tell how the respondents perceived poverty, they were asked to characterize it from their own views. The 214 responses received have been clustered into six major categories.

39.7% of the responses, characterised poverty as inability to meet basic needs and for some it includes inability to go beyond basic needs. Defining further what constitutes basic needs, most of them mentioned education and health needs for the family, having enough food, good housing and clothing. Another group of characteristics was clustered under low income, low yield arising from lack of capital or property, meager resources and low savings. This category constituted 29.4% of the total responses. Lack of ability to advance oneself and application of backward technology in production were mentioned as a third category of features of poverty (13%).

The fourth category of responses (9.8%) characterized poverty as dependence on other people largely due to lack of gainful employment and unreliable source of income. This category also includes dependence on weather in agriculture. The poor having large families, being resigned people, practising misdirected priorities in the expenditure of their scarce incomes as well as lack of seriousness were also cited as characteristics of poverty. These characteristics of poverty, as given by the respondents, are consistent with those given by scholars such as Chambers (1985); van Lierop et al (1991); Mtatifikolo (1994); and Semboja (1994).

### 4.2 Respondents' Perception of Whether They are Poor or Not

This study aimed at determining whether or not the respondents considered themselves to be poor and how they generally perceive the word "poverty" The assumption is that, if one perceives oneself to be poor it becomes easier to talk of strategies of fighting poverty unlike when one does not know that one is poor.

of the male respondents considered themselves to be very poor while 36% said they were not Seven respondents (6.3%) said they were moderately poor. A similar proportion (6.3%) did not answer this question. On the part of women, 52.5% felt that they were not while 26.5% considered themselves to be very poor. Eight percent felt that they were moderately poor. 12.8% did not answer this question.

Many of those who said they were not poor indicated their disagreement with the semantics of words *umasikini or ujukara* saying that the former refers to a disabled person and the letter to abject poverty which they were not.

*Table 8 Respondents' Perception of Whether They are Poor or Not*

| ARE YOU POOR? | FREQUENCY (%) | |
|---|---|---|
| | WOMEN | MEN |
| Very Poor | 71(26.5) | 57(51.4) |
| Not Poor | 141 (52.5) | 40 (36,0) |
| Moderately Poor | 22 (8.2) | 7(6.3) |
| No response | 34(12.8) | 7 (6.3) |
| **TOTAL** | **268(100)** | **111 (100)** |

### 4.3 Views on How to Get Out of Poverty

Vhen asked to give suggestions on how they could get out of poverty, a wide range of solutions were provided. In total there were 536 responses out of which 364 came form women and 172 from men. Five percent of the sample did not respond to the question. This comprised 18 women and one man.

The leading proposed solution suggested by 35.3% of the responses was provision of loans to promote agriculture and other business. This was proposed by 32.1% of the women respondents and 29.7% of the men respondents. Four percent of those who gave this suggestion thought it could be more helpful if the loans were in the form of soft loans with low interest rate with nc specific rate suggested.

The second-ranking solution proposed by 31% of the responses was self-initiatives. This comprised 29.4% of the women's responses and 30.8% of men's responses. Other solutions included acquisition of entrepreneurial skills (10.5%) through sensitization. study tours, provision of consultancy services, provision of literacy and education and application of modern technology in farming (9%) which could alleviate poverty through increased productivity.

About 3% of the responses felt that the government had a role in fighting poverty by creating an enabling environment through provision of subsidized social services such as education and health care to lessen the expenditure burden of the poor Tins would enable the poor to concentrate their meager resources on production and expansion of their income generating activities. It was also suggested that the government's role to create an enabling environment should go as far as raising producer prices, strengthening cooperative societies, providing adequate and timely payment of workers' salaries, improvement of transportation infrastructure and rehabilitation of industries to guarantee salaried employment. While these suggestions are very pertinent, some of them, for example, government to raise producer prices, are not feasible in the present context of a free market economy.

Family planning for a healthy family, a proposal solely suggested by women, ranked fifth (2.3%). This was followed by proposal for diversification of activities (2%) while others thought the situation could improve if loans were provided to both husbands and wives (1.8%). The latter was mainly proposed by men. Provision of permanent land for farming (in the case of those villages surrounded by sisal estates leaving no land for the villagers) and creation of groups to exchange ideas and mobilise savings ranked last 1.7%. Yet there were those who showed fatalism or resignation to poverty (2%).

***Table 9 How to Get Out of Poverty***

| **SUGGESTION** | **FREQUENCIES (%)** |
|---|---|
| Provision of capital or input loans | 189(35.3) |
| Self initiatives & Hard Work | 166(31.0) |
| Acquisition of entrepreneurial skills | 56(10.5) |
| Application of modern technology | 48 (9.0) |
| Creation of enabling environment by government | 14 (2.7) |
| Family Planning | 12 (2.3) |
| Diversification of activities | 11(2.0) |
| Provision of loans to both husband & wife | 10(1.8) |
| Availability of permanent land for agriculture | 9(1.7) |
| Formation of solidarity groups | 9(1.7) |
| Nothing can be done about it | 11(2.0) |
| **Total** | **536 (100)** |

N.B: *The table summaries, a total of 536 responses given by the sampled respondents - men and-women. Multiple answers were given and hence the big number of responses.*

The frequencies show that respondents realise that the way out of poverty cannot be based on a single solution. This is shown by not only the varying suggested solutions, but also by the number of responses in the leading two suggestions namely capital/input loans and serf-initiatives and hard work. The credit recipients' perception is that whereas loans are necessary in alleviating poverty, they are not a sufficient means. They must be supported by hard-work and self-initiatives. The opposite is also true as correctly observed by McNamara that:

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"For the small-holder operating with virtually no capital, access to credit is crucial. No matter how knowledgeable or well motivated he may be, without such credit he cannot buy improved seed, apply the necessary fertilizer and pesticide, rent equipment or develop his water resources". (Padmanabhan, 1988:18). The above findings confirm the arguments by scholars such as; Kaganda, (1991), Helmsing and Kolstee, (1993); and Gaidzanwa, (1993).

## 4.4 Types of IGAs

The range of IGAs undertaken by women in the sampled households was as indicated in Table 4.3. There were about 37 different activities in total. These can be classified into two major groups; production activities constituting 34% of all activities and 66% trading activities.

The leading production activities were farming of cereals, beans, cassava and sunflower (16%) and dairy cattle (13.1%). For the trading activities the range included trade in cereals (16.4%), restaurants popularly called *Migahawa and Mama Ntilie* (10.5%); selling *khanga, vitenge,* and second-hand clothes, *(mitumba)* (7.1%). The rest of the trade was centred around small retail shops/kiosks (3.7%), brewing and selling local brew (4.1%); selling charcoal/firewood (4.1%) and selling smoked fish (3.7%).

Loans for farming were taken in 1992 and 1993. All the activities collapsed due to bad weather conditions. The clients thus became unable to repay the loans. The scheme then ceased to give further loans for fanning especially rain-fed agriculture.

In general, the findings of this study confirm those of previous studies regarding the nature of women's IGAs in Tanzania (Mbughuni and Mwangunga, 1989; Grohs, 1985, Bryceson and Kirimbai, 1980; Omari, 1991); and studies by Goldmark and Rosengard (1983); ECA/ATRCW, (1990); White, (1991) and Allen and Truman (1993) on experiences from outside Tanzania. However, this study revealed few activities which are not traditionally feminine, for example, brick making, grain milling machine, dispensary, cart drawn by donkeys; hiring bicycles, butchery as well as trade in cereals and charcoal. The latter two involve hiring trucks and transporting the commodities to distant places like Tanga and Dar-es-Salaam.

***Table 10: Types of Activities Undertaken by Clients in the Sampled Households***

| TYPES OF PROJECT | | FREQUENCY (%) |
|---|---|---|
| 1. | Farming cereals, beans, sunflower, cassava) | 43(16.0) |
| 2. | Horticulture | 2(0.7) |
| 3. | Dairy cattle | 35(13.1) |
| 4. | Poultry keeping | 7(2.6) |
| s | Piggery | 5(1.9) |
| 6. | Cart drawn by donkeys | 2(0.7) |

| **TYPES OF PROJECT** | | **FREQUENCY (%)** |
|---|---|---|
| 7. | Restaurant(*Mgahawa*) | 12(4.5) |
| 8. | *Mama Ntilie(Genge la vyakula)* | 16(6.0) |
| 9. | Retail shop/kiosk | 10(3.7) |
| 10. | Selling in cereals | 44(16.4) |
| 11. | Selling *Khanga/Vitenge* | 10(3.7) |
| 12. | Selling second hand *cloihes(Mitumba)* | 9(3.4) |
| 13. | *Pombe brewing/Pombe* shop | 9(3.4) |
| 14. | Sugar cane press | 2(0.7) |
| 15. | Selling firewood | 1(0.4) |
| 16. | Selling charcoal | 11(4.1) |
| 17- | Hiring bicycles | 2(0.7) |
| 18 | Grain milling mashine | 2(0.7) |
| 19. | Guest house | 1(0.4) |
| 20. | Dispensary | 1(0.4) |
| 21. | Brick making | 1(0.4) |
| 22. | Tailoring | 4(1.5) |
| 23. | Butchery | 2(0.7) |
| 24. | Selling utensils | 1(0.4) |
| 25. | Selling dried fish | 10(3.7) |
| 26. | Selling 'fruits & vegetables | 2(0.7) |
| 27. | Selling *vitumbua/maandazi* | 5(1.9) |
| 28. | Selling soft drinks/ice cream | 3(1.1) |
| 29. | Selling furniture | 3(1.1) |
| 30. | Hair saloon | 2(0.7) |
| 31. | Bar (beer) | 3(1.1) |
| 32. | Selling new clothes | 3(1.1) |

| TYPE OF PROJECT | | FREQUENCY (%) |
|---|---|---|
| 33. | Supplying meat by tender | 1(0.4) |
| 34. | Kerosene trade | 1(0.4) |
| 35. | Selling salt | 2(0.7) |
| 36. | Selling fresh milk | 1(0.4) |
| 37. | Tractor | 1(0.4) |
| **TOTAL** | | **268 (100)** |

### 4.5 Extent of Women's Empowerment and Poverty Alleviation

The following seven indicators were used to assess the extent of women's empowerment:

- participation in decision making
- control over household resources
- acquisition of entrepreneurial skills
- increased respect from husband and community
- making decisions on how money from IGA should be spent
- freedom to use own time
- husband's assistance in household chores

All married women respondents were asked to state the status of each indicators before and after taking the loans. The results are summarized in Tables 11 to 17. Furthermore the study investigated how money from IGAs was used and if there had been any change in standards of living.

The assessment criteria for some empowerment variables were as follows:

***Decision making***

- No participation
- always the husband makes decision alone
- wife not allowed to have any input to what husband decided

**Sometimes**

- on very few occasions the husband discusses with his wife before making a decision
- once in a while the husband may incorporate his wife's views in decision making

**Very often**

- on many occasions the husband discusses with his wife before making decisions
- on many occasions the husband takes into account the wife's opinion before making decisions.

Always

- All decisions are made jointly. Husband does not have the upperhand.

***Control over resources***

No control

- wife has no say at all over household resources
- wife can neither dispose of nor bring in any resources without approval of the husband.

Very little control

- wife has little say on resources of very small value
- wife can dispose of or buy items of very small value but subject to the approval of her husband.

Little control

- wife has some say over household resources
- for items of small value wife does not need a prior approval from the husband to dispose them.

Lot of control

- wife owns some of the resources
- wife has more or less equal say over resources with the husband

***Freedom to use time***

No freedom

- wife's time schedule is folly controlled by the husband
- wife has to ask for permission from husband on virtually every occasion.

Very little freedom

- wife's time schedule is not strictly controlled by the husband
- on very few occasions the wife can use her time without prior approval from the husband.

Little freedom

- wife has some say on her time schedule
- she still has to seek permission from husband on many occasions

Quite free

- wife may not seek permission from husband on all occasions
- wife simply informs the husband of her intention about time use.

***Participation in Decision Making***

***Table 11: Participation in Decision Making***

| Period | No Participation | Sometimes | Very Often | Always | Total |
|---|---|---|---|---|---|
| Before Loan | 22 (10.8) | 87 (43) | 43(21.1) | 50 (24.7) | 202 (100) |
| After Loan | 14 (6.9) | 46 (22.7) | 78 (38.6) | 64(31.6) | 202 (100) |

*Note: Figures in brackets are percentages of the total number of respondents.*

A good proportion of women respondents felt that they were more involved in decision making after taking loans than before. Cases of "no participation" and "sometimes" decreased significantly (by about 50%). While those of "very often" and "always" showed a significant rise. However, when women claiming to be involved in decision making were asked to clarify, most of them said that by being more involved in decision making it did not mean that they could overrule men's viewpoints. They argued that this was because they regarded men as pillars of their households *(mume ni nguzo/kichwa cha nyumba).*

When men respondents were asked whether they involved their wives in decision making at the household level, 48.6% said that they sometimes did while 45.9% respondents said they always involved them. Only 5.4% said they never did. However, some of the husbands who said that they involved their wives in decision making qualified their responses by saying that in certain major issues they made the decisions on their own and simply informed their wives later.

When asked whether this was the situation even before their wives took the loans, almost all (96.4%) husbands replied in the affirmative.

***Control Over Resources***

***Tab! -12: Control Over Household Resources***

| Period | No control | Very little | Little control | Lot of control | Total |
|---|---|---|---|---|---|
| Before Loan | 23(11.3) | 40(19.8) | 59 (29.2) | 80 (39.6) | 202 (100) |
| After Loan | 14 (6.9) | 13 (6.4) | 85 (42.0) | 90 (44.5) | 202 (100) |

. *Note: Figures in brackets are percentages.*

Table 12 presents the respondents' views about the extent of their control over household resources both before and after taking loans. The results were as follows: cases of no control at all and very tittle control decreased by 39% and 67.5% respectively after taking the loan. During the same period cases of little control increased by 44% while there was a slight increase (12.5%) of those claiming to have a lot of control. These findings contradict the assertion by Agarwal (1985) and Montgomery et al (1996) that rising incomes did not signal an increase in women's autonomy and their ability to bargain over allocation of household income.

### *Acquisition of Entrepreneurial Skills*

***Table 13: Acquisition of Entrepreneurial Skills***

| **Extent** | **Frequency (%)** |
|---|---|
| Not much | 115(42.9) |
| Satisfactory | 98 (36.6) |
| Very much | 53 (19.8) |
| Not answered | 2 (0.7) |
| **TOTAL** | **268 (100)** |

All women respondents were asked to state the extent to which the credit scheme had equipped them with entrepreneurial skills. The results were as follows: four in ten (42.9%) felt that they had not acquired much while 19,8% thought that they had acquired a lot of skills. The remaining36.6%, felt that the extent of skills acquired was satisfactory.

When local Community Development Assistants and Officers were asked whether attempts were made to equip the clients of the credit scheme with entrepreneurial skills they responded that all prospective clients of the pilot credit scheme had received some training. However, they added that it was only a few clients of CREW Tanzania who had received some training. These were the ones who had been trained under the pilot credit scheme in 1992. CREW Tanzania did not train its potential clients.

The following themes featured in the training programme as specified by the CD As and CDOs:

- The role of women in running IGAs
- Economics
- Business Plan
- Write up for business projects
- Entrepreneurial skills
- Choosing sources of capital
- Business sites.

- Principles of micro-enterprises
- How to apply for a business licence
- Marketing skills
- Sales programme - Problems and solutions
- Advertisement and Sales Promotion
- Types of business costs
- Financial management
- Basic business records
- Leadership
- Communication
- Business information
- Business and the family

It would appear that those women who said that they had acquired a lot of skills since takmt the loan, are the ones who had benefited most from the training given by the pilot crecir scheme. When asked whether they had such skills before taking the loans, almost haff (49.3%) replied positively and an equal proportion replied negatively. Four (1.5%| respondents did not reply.

***Freedom to** Use **Own Time***

***Table 14:** **Extent of Freedom to** Use **Own Time***

| Period | No Freedom | Very Little Freedom | Little Freedom | Quite Free | Total |
|---|---|---|---|---|---|
| Before Loan | 9 (4.4) | 20 (9.9) | (51 (25.2) | 122 (60.3) | 202 (100) |
| After Loan | 2 (0.9) | 4(1.9) | 41 (20.2) | 155 (76.7) | 202 (100) |

*Note: Figures in brackets represent percentages*

Table 14 presents the extent of women's freedom to use their own time during the two periods. On I the whole responses indicated a slight increase in freedom after taking the loan.

Responding to a question whether their wives were free to spend as much time as they wished on the projects, 93.75% of husbands replied affirmatively while 6.3% replied negatively. When asked to explain their answers most of those who replied affirmatively said that they did so because it was for the benefit of the family. However, there were a few husbands who indicated that their wives had to ask for permission from time to time. Further discussions with husbands revealed that the wives were free as long as it was in connection with the IGAs and not otherwise.

### *Husband's Assistance in Domestic Chores*

***Table 15: Husband's Assistance in Domestic Chores***

| Extent | Frequency (%) |
|---|---|
| None | 101 (50.0) |
| Sometimes | 78 (38.6) |
| Always | 23(11.2) |
| Total | 202 (100) |

Alien married women were asked whether their husbands assisted them in certain domestic chores, (Table 15) 50% said they received no assistance, 38.6% said they were sometimes assisted ••vhile 11.2% said they were always assisted. Asked if that was the situation even before they took the loans, almost all (98%) replied positively. Only 2% replied negatively, meaning their husbands' assistance in domestic chores had changed with time.

"Alien husbands were asked whether they assisted their wives in domestic chores, 61.3% responded that they sometimes did. Clarifying on this, most of them said that they assisted them only in cases of sickness or if the children were not around. 21% replied that they never assisted dieir wives while 18.0% said that they always did. Further discussions with the men indicated that most of the husbands interviewed considered domestic chores to be the sole responsibility of their wives. This view was also shared by a few of the sampled married women. The direct implication from these responses is that exposure to credit scheme does not seem to have had any impact on the state of affairs.

### *Money Use Decision Making*

***Table 16: Who Decides on Money Use from Loan-assisted IGAs***

| DECISION MAKER(s) | FREQUENCY (%) |
|---|---|
| Wife | 83 (41.0) |
| Husband | 12(5.9) |
| Both(wife & Husband) | 55 (27.2) |
| Wife after consulting husband | 25 (12.4) |
| No income yet from IGA | 27 (13.4) |
| **Total** | **202 (100)** |

Basing on the respondents' answers, (Table 16) 41% married women had the power to make decision on the use of money from their IGAs while 5.9% had decision made by their husbands. 27.2% of respondents had their decisions made in consultation with their husbands. About 12.4% consulted husbands before deciding to spend the money. The remaining 13.4% responded that they had not yet had any income from their IGAs.

These data indicate that most of the sampled women had full control of their loans unlike what seems to be the case elsewhere (see R. Rahman, 1986; White, 1992; Goetz and Sen Gupta. 1994). The case of women whose husbands made decisions of money use can still be viewed positively because according to some scholars such women benefit from credit programmes in terms of finding identify outside the family and gaining self-confidence (Hashemi et al, 1996).

***Respect From Husband and the Community***

***Table 17: More Respect From Husband and the Community***

| **EXTENT** | **FREQUENCY (%)** |
|---|---|
| Alot of increase in respect | 230 (85.8) |
| Moderate increase in respect | 6 (2.2) |
| No Increase in respect | 32(11.9) |
| **TOTAL** | **268 (100)** |

On whether their participation in the credit scheme had given them more respect in the eyes of their husbands and the community, about 85.8% said that there was increase of respect while about one-tenth said there was no increase. A very small minority (2.2%) felt that the increase in respect was only moderate. This finding is consistent with the observation by Montgomery et al (1996) that women do gain some degree of social status as a result of increased contribution in the household.

***Money Use From Loan-assisted IGAs and Standard of Living***

Table 18 summarises the results for money use from IGAs. A total of 596- responses with multiple answers were given by the sampled women.

***Table 18: Money use from Loan-assisted IGAs***

| ITEM | FREQUENCY (%) |
|---|---|
| Project not yet started to generate income | 32(5) |
| Expansion of the Project | 133 (22) |
| Education (for the children) | 65(11) |
| Give to husband | 25 (4) |
| Savings | 108(18) |
| Household Expenses | 118(20) |
| Other | 115(19) |
| **TOTAL** | **596 (100)** |

Responses on money use from IGAs (Table 18) show that expansion of the project(s) took the highest priority (22%) in women's expenditures of the incomes earned from IGAs, Household expenses came second (20%) followed by "other uses" (19%) and savings (18%). Education expenses came fifth (11%) while responses indicating that women gave the money to their husbands constitute 4% of the total responses. Five percent indicated that the projects had not yet started to generate any income. Money use under "other uses" was largely for loan repayment which was the third priority to many of the loans recipients.

The findings confirm what was concluded by White (1991) on Bangladesh women, borrowers as well as by Mbilinyi and Omari (1993) on Tanzania that the more low income women control and manage their own incomes, the more the responsibilities are added to them at household level. This is shown by the distribution of money use from loan-assisted IGAs.

***Table 19: Changes in the Standard of Living***

| EXTENT OF CHANGE | WOMEN | MEN | AVERAGE |
|---|---|---|---|
| A lot of change | 138(51.5) | 44 (40) | 46 |
| No change | 88(32.8) | 39 (35) | 34 |
| Moderate change | 8(3) | 27 (24) | 14 |
| Project still immature | 34(12.7) | 1(1) | 7 |
| TOTAL | 268 (100) | 111(100) | 100 |

Concerning change in the standard of living, almost half (46%) responded that the credit scheme had helped them raise their standard of living. One-third (34%) refuted while 14% (mostly men) felt that the scheme had not done much. Those who said "no change" or "moderate" cited loan repayment as a major cause to income erosion or to the project being at very early stages for it to bring about any noticeable changes. A few of the respondents indicated that the loans had created some psychological problems since they were unable to repay because of various reasons. Seven percent said that their projects had not started generating any income.
Indicators in the changes in the standard of living included increased ability to meet some basic needs such as food, clothing, education (school fees and uniforms for their children) and health expenses.

In the opinion of CD As and CDOs the credit scheme has had same positive impact. The views of a CDO at Kabuku village are presented in Box 1.

***Box 1: The Women's Impact of the Credit Scheme on Kabuku** Village*

*The Credit Scheme has been beneficial to the village in at least two ways.*

*First, there has been an expansion of buildings. Second, there has been an increase in social services for example transport (bicycles for hire) retail shops, a dispensary and availability of fresh milk.*

*In general we can say that the credit scheme has been a catalyst for development.*

***Source: Interview with a CDO***

### 4.6 Factors Influencing the Success of the Process of Poverty Alleviation

Factors which were considered by respondents to have influenced the success of their IGAs were also considered to be the factors influencing the process of poverty alleviation in the sampled households.

The question regarding the factors which had influenced the success of women's activities had several responses (Table 20). Cooperation from their husbands came at the ':on of the -jst oy 23:8% of the responses. It included using the husband's salaries in loan repayment or supporting the project in different ways, morally and materially. Market availability for the products from women's activities was mentioned as the second factor behind the success for some women (13%). Own efforts and hard work accounted for 12.6% while past experience in running similar activities comprised 10.5% of the responses.

Capital from other income generating activities and other sources such as savings and credit unions accounted for 10% of the responses. About 9% said their activities had succeeded because of good management and close supervision while those attributing the success to training/education formed 5.9%. Product quality was also a factor (4.6%) whereas availability of extension services particularly in the case of those with dairy activities was a determinant in guaranteeing the success of some of these activities (3.8%). Favourable weather was also a factor (2.5%) in the case of agricultural activities. Other factors were as follows: availability of hired labour (1.7%), transportation facility (1.3%), availability of storage facility and small number of dependants (1.65%).

Discussion with CD As and CDOs about the status and role of SCSs in the credit scheme revealed that following the evaluation of the pilot credit scheme carried out in 1993 there was a concern about the future of women groups and their microenterprises. It was therefore decided that clients of the scheme should be trained/encouraged to become self-reliant through the formation of savings and credit societies to be funded by women.
The pilot credit scheme in close collaboration with officers from the Cooperative Department organised and conducted seminars on savings and credit societies management. The seminars were held at Handera after which SCSs for women only were formed and registered. It must, however, be pointed out here that due to the bad record of cooperative societies in this country, women were not very enthusiastic about joining the SCSs. For example, at Mbaramo in Muheza District, the effective membership dropped from 100 to 21 only.

When women SCSs were being formed, women were told that there would be two types of loans:

(a) internal loans according to the member's share; and
(b) external loans from the pilot credit scheme

Each SCSs prepared write-ups for its members and submitted them to the pilot credit scheme for funding. The funds, on average between Tshs. 5m/= and Tshs. 10m/= for each SCSs, were disoursed and credited mto the respective SCS accounts. However, the SCSs were instructed not to use the funds until further instructions. It remained so till the end of the pilot credit scheme

Following the formation of CREW Tanzania in 1995, the SCSs were asked to return the funds they had received for external loans to the NGO (CREW Tanzania). The SCSs resisted strongly and it was only after a protracted struggle that they gave in. It seems that although the idea of forming women's SCSs was plausible, it was at the same time used by the authorities to transfer funds from the pilot credit scheme to the NGO which was about to be formed. This confirms the argument by Gaidzanwa (op.cit) on constraints of credit schemes and that by Mtatifikolo (op.cit) about problems of the redistributive approach.

Todate CREW Tanzania has not made any follow-up about women's SCSs. Out of the four dismcts covered by the pilot credit scheme project; women's SCSs are still active in Muheza District only. It may be argued here that whereas experts from the Cooperative Department played their role in training women for the formation of SCSs, most of them are no longer active partly because they lacked internal social fabric and partly because they were cheated/let down by CREW Tanzania. Since experience has shown that women microentrepreneurs with previous experiaices are the most successful, it is plausible to conclude that if savings and cooperative management experts can help to bring about sustainable SCSs, they can contribute to the success of credit schemes for low income women.

***Table 20: Factors Influencing the Success of the Process of Poverty Alleviation***

| FACTOR | FREQUENCY (%) |
|---|---|
| Cooperation from husband | 57 (23.8) |
| Market availability for IGAs products | 31(13) |
| Own effort and hardwork | 30(12.6) |
| Past experience in similar activities | 25 (10.5) |
| Income from other IGAs | 24 (10.0) ' |
| Good management & close supervision | 21 (8.8) |
| Relevant training | 14 (5.9) |
| Product quality | 11(4.6) |
| Availability of extension services | 9(3.8) |
| Favourable weather | 6 (2.5) |
| Availability of hired labour | (4(1.7) |
| Availability of transport | 3(1.3) |
| Availability of storage facility | 2 (0.2) |
| Small number of dependants | 2 (0.8) |
| **TOTAL** | **239 (100)** |

### 4.7 Factors Inhibiting the Process of Poverty Alleviation

In this study, factors which inhibit the success of women's IGAs were also considered to be the ones inhibiting the process of poverty alleviation in households. When asked to indicate factors which inhibited the success of their IGAs, the sampled women gave a total of 384 multiple responses as summarised below in Table 21.

***Table 21: Factors Inhibiting the Success oflGAs***

| FACTOR | FREQUENCY |
|---|---|
| Lack of market and high competition | 104 (27%) |
| Bad weather, pests and vermins | 57(14.8%) |
| Small capital/inadequate loan | 50 (13%) |
| High running costs | 36 (94%) |
| Sickness and pregnancy | 29 (7.6%) |
| High interest rate and short grace period | 29 (7.6%) |
| Sickness and death of cows | 25 (6.5%) |
| Famine | 15 (3.4%) |
| Selling on credit | 11(2:9%) |
| Insufficient time | 7(1.3%) |
| Traditions and customs | 7(1.8%) |
| Big family | 4 (1%) |
| Poor project write-up | 4(1%) |
| Storage problems and durability of crops | 4 (1%) |
| Lack of cooperation from husband | 2(0.5%) |
| TOTAL | 384 (99.3%) |

When some local CDAs and CDOs were asked to mention problems faced by women IGA operators they mentioned the following ones:

credit money being squandered by some husbands

bad weather (for agricultural IGAs)

- too much competition
- poor management
- bad spending habits
- lack of entrepreneurial skills
- lack of familiarity with certain IGAs undertaken
- using credit money for family needs
- some husbands not allowing their wives to operate freely
- long lean periods (famine).

In one village a local CDA went on to say that the problems of credit money being squandered by some husbands had actually led to three divorce cases. An example of such cases is presented in Box 2.

***Box 2: A Case of a Husband who squandered credit money in Muheza District***

*The IGA owner under study was engaged in buying and selling maize at a market stall. At the outset of the project, the relationship between wife and husband was smooth. The loan recipient trusted her spouse with the money and other project assets. The project reached its peak and the couple started to diversify into other trades like buying fish and selling at the same trading premises. During the first six months everything wax okay.*

*As the trade prospered, the husband started relations with another woman and started to travel with her to purchase maize and fish in the neighbouring region. On return, the normal procedure of discussing the financial position of the purchases was no longer adhered to. Sometimes he used to come back with half the amount of the required purchases.*

*One day he informed his wife that he was getting married to a second wife. His wife resisted and demanded back the loan money saying that she also wanted a divorce. By this time, the loan recipient was not able to remit the monthly loan repayment and there* was *no maize stock for selling. She complained that even the rent for the maize and fish stall was not being paid hence she was in danger of loosing the trading premises.*

*A few days later, she discovered that her husband whom she thought had gone to purchase maize and fish as usual had decided to move to live with the proposed second wife and he had moved with all the cash. That was the end of the project.*

***Source: Interview with a woman microentrepreneur***

Although the problem of husbands taking away their wives" credit money seems to be widespread in rural credit programmes (Guhathakurta, 1996; Goetz and Sen Gupta, 1994; Mbughuni, 1994) this problem did not come up clearly from the sampled women respondents Women's microenteprises seem to be adversely affected by trade liberalization because the problem of lack of market and high competition was the leading problem mentioned.

The finding about the problem of women falling sick and pregnancy confirms the observation by TGNP (1993) that women's reproductive roles can also be a hindrance to poverty alleviation. This is because their participation in IGAs is hampered during pregnancy and even after. It is also consistent with the observation by Hulme and Mosley (op.cit) relating to the minimum economic characteristics required to use loans successfully.

In general, the findings relating to problems inhibiting the process of poverty alleviation, confirm those found by ECA/ATRWC (1990) and Boitumelo et al (1995).

The survey revealed contrary information to what is often argued that some tradition and customs as well as the multiple responsibilities of women inhibit them from undertaking IGAs.

Discussions with CDAs/CDOs on the non-payment of money of the pilot scheme loans and collapse of IGAs revealed that some women took loans without a clear idea of what to do with the money. Their perception was that the loans were donors' money that had to be taken or used. As a result of this perception the following incidents are said to have happened at Kwameta village in Korogwe District:

- Some women took loans and kept the money in their homes without investing it.
- Others gave the money to their husbands to start some business.
- One women used the money to cover wedding expenses for her daughter.
- Another woman gave the money to her son to start a business. Later, the son disappeared with the proceeds.
- Generally, the obligation of repaying the loans was not felt.

These findings confirm some of the problems of financing IGAs of low income people as noted by Rahman (1986), Goetz and Sen Gupta (1994) and Dondo (1996).

When asked about the situation of loan recovery by CREW Tanzania, CDAs/CDOs said that by August 1997 CREW Tanzania had given loans to 713 low income women amounting to Shs. 181m/=. The average repayment rate is 64% with about 100% for Korogwe District; nearly 70% for Muheza district and less than 40% for Lushoto and Handera districts. Generally, women microentrepreneurs with previous experience in microenterprises are the ones who have been able to honour their loan commitments.

The low repayment rate for Handeni and Lushoto districts was attributed to the 1996/97 drought and the subsequent famine there. Attempts in April/May 1997 to seize property pledged as collateral in Lushoto created a lot of hue and cry from clients. In some cases the material used as collateral could not be found. This was because either they had been hidden ahead of the seizure exercise or because the clients had cheated when applying for the loan. This situation forced CREW Tanzania officials to abandon the exercise. However, Lushoto district authorities told CREW Tanzania/in August, 1997) to resume the collateral seizure campaign in order to recover their money.

## 4.8 The Sustainability of Women's IGAs

In order to determine the sustainability or non-sustainability of projects run by the clients the study investigated the following:

- whether the clients faced any problems in loan repayment
- whether the projects had expanded since their inception
- whether the clients have been able to make any savings since starting the project
- whether the clients could continue running the project without depending on further loans;and
- the amount left after repaying the monthly loan recovery instalments.

***Problems in loan repayment***

Responding to whether they faced problems in loan repayment, 63.8% said they had such problems compared to 34.7% who said that they did not have problems. Four respondents (1.5%) did not respond. This study postulated that those IGAs whose operators have problems in loan repayment should be considered to be unsustainable. Accordingly, 63.8% of the sampled IGAs were unsustainable.

***Project expansion***

The clients of the credit scheme were also asked whether their IGAs had expanded since their inception. 46.3% indicated that the respective IGAs had expanded while 53.4% said there had been no expansion. There was one case (0.4%) of no response. This study considered lack of expansion of an IGA as an indicator of unsustainability. 53.4% of the IGAs covered by the survey were unsustainable.

***Savings***

When asked if they had made any savings since starting the IGAs, 39.2% replied affirmatively while 60.8% replied negatively. Since ability to save on the part of an IGA operator was taken as an indicator of IGA sustainability it would appear that about 60.8% of the IGAs under the survey were not sustainable.

***Dependence on further loans***

IGA operators were also asked to state whether they could continue running their respective IGAs without depending on further loans from the credit scheme. Responding to this question 58.2% replied affirmatively while 14.6% replied negatively. 6.7% felt that it was too early to judge. It can thus be concluded that one-fifth of the sampled IGAs were found to be unsustainable while three-fifths of them were sustainable.

***Amount left after monthly loan repayment***

Table 22 summarizes the responses to a question on the amount of money left each month after paying the loan recovery instalment.

***Table 22: Amount Left Each Month***

| **RESPONSE** | **FREQUENCY (%)** |
|---|---|
| Nothing | 122 (45.5) |
| Very small amount (Less than 5,0007=) | 41 (15.3) |
| Small amount (5,0007= - 120,0007=) | 53 (19.8) |
| Substantial amount (More than 10,0007=) | 25 (9.8) |
| No income yet from IGA | 27(10.1) |
| **TOTAL** | **268 (100)** |

Responses in Table 22 indicate that 60.9% of the sampled IGA operators were left with either nothing or a very small amount each month after paying the loan instalment. Therefore, according » this indicator, 60.8% of the projects surveyed were not sustainable. About 10% of the IGAs -Jid not yet started to generate income. These results and conclusions are, however, based on the short-run period as most of the projects had been in existence for a span of three to four months by i» tune this study was conducted.

## 4.9 Testing the hypotheses

In testing the hypotheses, the .relevant variables were those elicited from married women who were 202 in total (Table 3). This was because the variables were about change of gender relations m the sense of relations between husband and wife) in the sampled households.

The first null hypothesis (Ho) was: there is no statistically significant difference in gender relations within households between the period prior to taking loans and the period after. The indicators were: (i) women's participation in decision making on matters affecting their -ouseholds, (ii) the level of control over household resources, and (iii) freedom to decide on how use their time. Contingency tables were constructed to measure this association and the Mowing were the results:

***Table 23: Change in Decision Making***

| | **Not involved** | **Sometimes** | **Very often** | **Always** | **TOTAL** |
|---|---|---|---|---|---|
| Before Loan | 22(18.0) | 87 (66.5) | 43 (60.5) | 50(57.0) | 202 |
| After Loan | 14(17.5) | 46 (66.5) | 78 (60.0) | 64 (57.5) | 202 |
| Total | 36 | 133 | 121 | 114 | 404 |

*NB: Figures in brackets are the expected frequencies*

Results: Calculated $X^2 = 26.26$

Theoretical Value = 7.81 (df = 3 at 0.05)

***Table 24: Change in Control Over Resources***

*Table 4.17: Change in Control Over Resources*

| | **No Control** | **Very Little Control** | **Little Control** | **Lot of Control** | **TOTAL** |
|---|---|---|---|---|---|
| Before Loan | 23(18.5) | 40 (26.5) | 59 (72) | 80 (85) | 202 |
| After Loan | 14(18.5) | 13 (26.5) | 85 (72) | 90(85) | 202 |
| Total | 37 | 53 | 144 | 170 | 404 |

*NB: Figures in brackets are the expected frequencies*

Results: Calculated $X^2$ =
21.22 Theoretical Value =
7.81 (df = 3 at 0.05)

***Table 25: Changes in Freedom to Use Own Time***

| | **No Freedom** | **Very Little Freedom** | **Little Freedom** | **Quite Free** | **TOTAL** |
|---|---|---|---|---|---|
| Before Loan | 9(5.5) | 20 (12) | 51 (46) | 122(138.5) | 202 |
| After Loan | 2 (5.5) | 4(12) | 41 (46) | 155(138.5) | 202 |
| Total | 11 | 24 | 92 | *211* | 404 |

*NB: Figures in brackets are the expected frequencies*

Results: Calculated $X^2$ = 20.14
Theoretical Value = 7.81 (df = 3 at 0.05)

Since calculated $X^2$ is greater than the theoretical one in all the three cases (decision making, control over resources and freedom to use own time), the null hypothesis is rejected. Thus the results show that there is a significant difference in gender relations within households between the period prior to taking loans and the period after. This implies that after taking the loans there has been improvement in gender relations in the sense that more women are getting more involved in decision making, in control over resources and are having more freedom to use their own time.

The second null hypothesis was: there is no significant difference in gender relations between households with sustainable projects and those with non-sustainable ones. The indicators for sustainability were: problems in loan repayment, expansion of the projects, savings, dependence on further loans and the amount left after loan .repayment.

Difference in gender relations between households with sustainable IGAs and those with non-sustainable ones were measured in relation to the three indicators used in the first hypothesis, which are: women's involvement in decision making, control over resources and freedom to use own time. The results are summarized in Tables 26 to 28.

***Table 26: Difference in Gender Relations Using the Decision Making Indicator***

| | No Participation | Sometimes | Very Often | Always | TOTAL |
|---|---|---|---|---|---|
| Household with Sustainable IGAs | 4 (9.3) | 20 (19.4) | 35 (32) | 26 (24.4) | 85 (85) |
| Households with Non-sustainable IGAs | 18(12.7) | 26 (26.6) | 41 (44) | 32 (33.6) | 117(117) |
| Total | 22 | 46 | 76 | 58 | 202 |

*NB: Figures in brackets are the expected values*

Results: Calculated $X^2 = 5.922$
Theoretical Value = 7.81 (df = 3 at 0.05)

***Table** 27: **Difference in Gender Relations Using the Resource Control Indicator***

| | No Control | Very Little Control | Little Control | Lot of Control | TOTAL |
|---|---|---|---|---|---|
| Household with Sustainable IGAs | 5 (6.8) | 5 (7.7) | 37 (37.8) | 44 (38.7) | 91 |
| Households with Non-sustainable IGAs | 10 (8.2) | 12(9.3) | 47 (46.2) | 42 (467.3) | 111 |
| Total | 15 | 17 | 84 | 86 | 202 |

*NB: Figures in brackets are the expected values*

Results: Calculated $X^2 = 3.96$
Theoretical Value = 7.81 (df = 3 at 0.05)

***Table 28: Difference in Gender Relations using the Freedom to use Own Time Indicator***

| | Very Little Freedom | Little Freedom | Quite Free | TOTAL |
|---|---|---|---|---|
| Household with Sustainable IGAs | 4 (4.5) | 15 (17.8) | 71 (67.7) | 90 |
| Households with Non-sustainable IGAs | 6(5.5) | 25 (22.2) | 81 (84.3) | 112 |
| Total | 10 | 40 | 152 | 202 |

*NB: Figures in brackets are the expected values*

Results: Calculated $X^2 = 1.19$
Theoretical Value = 5.99 (df = 2 at 0.05)

Basing on the results above, since the calculated $X^2$ statistics are less than the critical values in all the three cases, the null hypothesis is thus accepted. That is, the results show that there is no significant difference in gender relations between households with sustainable projects and those with non-sustainable ones. This seems to suggest that once gender relations have changed due to IGAs started by women, it becomes difficult to reverse them merely because the project is unsustainable.

# 5.0 CONCLUDING REMARKS AND POLICY IMPLICATIONS

## 5.1 Concluding Remarks

With regard to whether the credit scheme had contributed to empowering women, the study found that there was an improvement in gender relations and poverty alleviation. The data indicated that there was increased women involvement in decision making, control over household resources and freedom to use their time. This was further confirmed by applying the chi-square test. Nearly a half of the interviewed women said that due to the credit scheme their standard of living had improved to some extent by enabling them meet some basic necessities. Furthermore, the wide spectrum of women's IGAs was an indicator of increased empowerment. Some women undertook activities which were hitherto considered to be non-feminine.

Many factors were found to have influenced the process of poverty alleviation. The major ones were: cooperation from husband; market availability; own effort and hardwork; past experience in similar activities; income from other IGAs and good management.

Likewise, many factors were found to have inhibited the process of poverty alleviation. The leading inhibiting factors were: lack of market and stiff competition; bad weather; small capital; high running costs; sickness and pregnancy as well as high interest rates and short grace period. Other important inhibiting factors were husbands squandering credit money; using credit money for family needs and long lean periods.

On the basis of five indicators, namely loan repayment problems; project expansion, savings; dependence on further loans and amount left after loan recovery instalments, it was found that about three-fifths of the IGAs were not sustainable.

The study had two null hypotheses relating to gender relations in households. The chi-square statistic was applied to test them. The hypothesis that there is no statistically significant difference in gender relations within households between the period prior to taking loans and the period after was rejected. This means that the difference in gender relations between the two periods was significant.
The hypothesis that there is no significant difference in gender relations between households with sustainable projects and those with non-sustainable ones was accepted". This means that gender relations between the two types of households were not significantly different.

## 5.2 Emerging Policy Implications

In general, this study as well as other studies done on the role of credit and women income generation activities for poverty alleviation have observed that women are faced with various constraints. As a result, policy makers could intervene in the following areas to support women's IGAs and their attempts to eradicate poverty:

- ***Land reforms.*** So that women can stand a better chance of using land as a resource for starting IGAs. This could also place women in a better chance of obtaining credit for agriculture.

- ***Banking Policies:*** Banks could develop strategies for ensuring that obstacles against women borrowing are addressed. They could also encourage the informal sources of credit by linking them to the formal banking system and support them in institutional arrangements in offering credit to women's IGAs. Banking policies should also encourage mobilization of financial resources from all possible sources, such as personal savings, informal sources like Rotating Saving and Credit Associations (ROSC'Vs) and guarantee informal schemes as well as group savings.

- ***Socio-CulturalDynamics:*** In some socio cultural settings and business perception, a wife is the junior partner. This constraints women from making decisions pertaining to IGAs. Policy intervention strategies aiming at modifying low status of women and enhancing co operation between men and women should be encouraged by national economic development policies.

  ***Socio-Economic Dynamics:*** Policy intervention strategies that would bring c this area should focus on:
  - Property ownership and
  - Broaden women entrepreneurship outlook.

In conjuction with the above, a number of policy implications can be drawn for the attention of relevant policy makers.

- Ways and means of introducing irrigated agriculture should be explored so that rural poor women can engage themselves in agricultural microenterprises as well.
- Lending institutions for women should include gender sensitization in the training offered to their clients. Husbands should not be left out.
- Whereas giving loans to those with established microenterprises minimizes the nsk for the micro-financing institution, it has the potential danger of leaving out the "very poor". This implies that targeting the poor should be done with more rigour.
- Relevant training for prospective clients of credit schemes is vital in order to guarantee the success of IGAs.
- IGA operators should be assisted in securing markets for their products. This could be through the dissemination of information on market availability as well as organizing trade fares at regional and district levels.
- The government should:
  - create an enabling environment for microenterprises by making requisite financial reforms and formulating appropriate policies.
  - carry out institutional and policy reforms to promote better access and secure rights to assets for women.

- ensure more economic growth and channel more resources to human evelopment.

## 5.3 How the Findings will Benefit the Poor

t is expected that the findings of the present study will be of benefit to the poor, especially I women in the following ways:

- Use of the findings by policy makers in lending institutions, NGOs and government ight help them to draw some lessons in order to serve the poor better.
- Dissemination of findings to the poor might enable them leam from the experiences of thers in alleviating poverty.

## 5.4 Dissemination of Research Results

The findings of the study will be disseminated in the following ways:

- Through workshops and/or seminars organized by REPOA or any other organization nterested in poverty alleviation studies.
- Through publication in journals to make the literature available to scholars, policy makers and planners as well as development practitioners at all levels.
- Subject to the availability of funds, organizing seminars/workshops for women in the areas of the study for the purpose of:
    - Giving feedback on the findings; and
    - Initiating a programme of action to improve gender relations on the basis of the findings.

## 5.5 Further Research

In the light of the findings discussed above the following areas are recommended for further research:

The impact of microfinancing programmes on poverty alleviation
Mcrofinancing programmes in Tanzania: Problems and Prospects
The Role of Gender in the viability of micro-credit programmes for women.
Micro-credit financing and women entrepreneur ship development in poverty alleviation.

The limitations of the methodology used could be remedied in future in a number of ways such as:

- conducting a pilot study;
- eliciting husbands' responses for variables used to assess women's empowerment;
- including in the research sample individuals who are not clients of the credit scheme for comparison purposes;
- using rural rapid appraisal (RRA) and participatory rural appraisal (PRA) techniques to complement the conventional data collection methods;
- spending more time in the area of the study in order to capture the changes taking place; and

- determining poverty levels before and after taking loans in order to see if there has been any change.

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